

7M/045/017

**INFORMATION BOOKLET**

**AMALGAMATION OF**

**BARRICK RESOURCES CORPORATION**

**and**

**CAMFLO MINES LIMITED**

**and**

**BOB-CLARE INVESTMENTS LIMITED**

The information contained in this Information Booklet is supplemental to and forms a part of the information provided in the respective circulars of the foregoing corporations which this document accompanies. Unless otherwise noted, the information contained herein is given as of May 31, 1984.

Dated June 14, 1984

All information contained herein relating to Barrick Resources Corporation, Camflo Mines Limited and Bob-Clare Investments Limited, respectively, was supplied for inclusion herein by such corporation, and with respect to such information the other corporations and their respective officers and directors have relied on such corporation and take no responsibility for any errors in such information or omissions therefrom.

## TABLE OF CONTENTS

|   | <u>Page</u> |  | <u>Page</u> |
|---|-------------|--|-------------|
| <b>Summary</b> .....                                | 3           | <b>Principal Shareholders</b> .....                  | 47          |
| <b>Proposed Transactions</b> .....                  | 8           | <b>Management</b> .....                              | 48          |
| Purpose of the Transactions .....                   | 8           | <b>Interest of Management and Others in Material</b> |             |
| Details of the Transactions .....                   | 8           | Transactions and Matters to be Acted Upon .....      | 50          |
| Basis of Amalgamation .....                         | 12          | Description of Share Capital .....                   | 51          |
| Board Approval and Fairness Opinions .....          | 12          | Dividend Record .....                                | 51          |
| Conditions Precedent .....                          | 13          | Price Range and Trading Volume of Camflo             |             |
| Required Shareholder Approvals .....                | 13          | Common Shares .....                                  | 51          |
| Effective Date of Amalgamation .....                | 14          | Material Contracts .....                             | 52          |
| Stock Exchange Listings .....                       | 14          | Registrar and Transfer Agent .....                   | 52          |
| Income Tax Information .....                        | 14          | Auditors .....                                       | 52          |
| Share Certificates .....                            | 16          | <b>Bob-Clare Investments Limited</b> .....           | 53          |
| <b>Barrick Resources Corporation</b> .....          | 17          | Petroleum and Natural Gas Interests .....            | 53          |
| Corporate Strategy .....                            | 17          | Other Interests .....                                | 54          |
| Gold Activities and Properties .....                | 17          | Financial Information .....                          | 54          |
| Petroleum and Natural Gas Interests .....           | 20          | Principal Shareholders .....                         | 55          |
| Other Operations .....                              | 23          | Directors and Officers .....                         | 55          |
| Managements' Discussion of Financial Results .....  | 24          | Description of Share Capital .....                   | 55          |
| Principal Shareholders .....                        | 24          | Material Contracts .....                             | 55          |
| Management .....                                    | 26          | <b>Amalco</b> .....                                  | 56          |
| Interest of Management and Others in Material       |             | Future Plans .....                                   | 56          |
| Transactions and Matters to be Acted Upon .....     | 27          | Management .....                                     | 56          |
| Description of Share Capital .....                  | 28          | Consolidated Capitalization .....                    | 58          |
| Dividend Record .....                               | 28          | Stock Option Plan .....                              | 59          |
| Price Range and Trading Volume of Barrick           |             | Principal Shareholders .....                         | 59          |
| Common Shares .....                                 | 28          | Description of Share Capital .....                   | 59          |
| Prior Sales of Barrick Common Shares .....          | 29          | Auditors .....                                       | 59          |
| Legal Proceedings .....                             | 29          | Registrar and Transfer Agent .....                   | 59          |
| Material Contracts .....                            | 29          | <b>Financial Information</b> .....                   | 60          |
| Registrar and Transfer Agent .....                  | 30          | Barrick Resources Corporation .....                  | 60          |
| Auditors .....                                      | 30          | Camflo Mines Limited .....                           | 69          |
| <b>Camflo Mines Limited</b> .....                   | 31          | Bob-Clare Investments Limited .....                  | 80          |
| Corporate Structure .....                           | 32          | Amalco .....   | 84          |
| Gold Activities and Properties of Camflo .....      | 32          | <b>Schedule A — Amalgamation Agreement</b>           |             |
| Petroleum and Natural Gas Interests of Camflo ..... | 35          | <b>Schedule B — Fairness Opinion of</b>              |             |
| Corporate Holdings of Camflo .....                  | 37          | Midland Doherty Limited                              |             |
| Five Year Summary of Operating and                  |             | <b>Schedule C — Fairness Opinion of</b>              |             |
| Financial Information .....                         | 45          | First Marathon Securities Limited                    |             |
| Management's Discussion of Financial Results .....  | 46          |  |             |

## SUMMARY

The following is a summary only and is qualified in its entirety by the more detailed information appearing elsewhere in this document.

## BARRICK

Barrick Resources Corporation ("Barrick") is an international natural resources company with interests in gold producing and development properties in both Canada and the United States and oil and gas properties in the United States, the Pacific Basin and the Middle East. The common shares of Barrick are listed on the Toronto and Montreal stock exchanges and are traded in London, England under Rule 163(4)(a) of the London Stock Exchange.

The following table summarizes certain consolidated financial information with respect to Barrick for the periods indicated:

|  | Pro-forma as<br>at March 31,                     | Three months<br>ended March 31, |           | Year ended<br>December 31, |           |
|--|--|---------------------------------|-----------|----------------------------|-----------|
|  | 1984 (1)   | 1984                            | 1983      | 1983                       | 1982      |
|  | (unaudited)                                      | (unaudited)                     |           |                            |           |
|  | (thousands of dollars, except per share amounts) |                                 |           |                            |           |
| Working capital (deficiency) . . . . .       | \$30,053   | \$ 53                           | \$(7,043) | \$ 685                     | \$(4,935) |
| Long term debt . . . . .                     | 4,607  | 4,607                           | 3,081     | 3,617                      | 3,049     |
| Shareholders' equity . . . . .               | 70,035   | 40,035                          | 15,679    | 41,735                     | 15,976    |
| Revenue . . . . .                            | —  | 1,557                           | 1         | 1,952                      | 161       |
| Loss . . . . .                               | —  | 720                             | 289       | 4,421                      | 1,407     |
| Loss per share (dollars) . . . . .           | —  | 0.01                            | 0.01      | 0.09                       | 0.04      |
| Working capital used in operations . . . . . | —  | 469                             | 256       | 1,070                      | 1,323     |

Note:

- (1) Assumes the completion of the private placement of Barrick common shares for proceeds of \$30,000,000 as at March 31, 1984. Subscriptions for the entire private placement have been received. This investment will occur immediately prior to the Amalgamation and \$26,277,000 of the proceeds will be applied in the repayment of bank indebtedness of Amalco. See "Private Placement of Barrick Common Shares".

The following tables summarize certain information relating to the producing gold properties in which Barrick holds an interest and Barrick's net interest in producing oil and gas properties:

|                | Renabie Mine (1)       |                             | Valdez Creek (2)                 |                                    |
|----------------|------------------------|-----------------------------|----------------------------------|------------------------------------|
|                | Ore reserves<br>(tons) | Grade<br>(oz. gold/<br>ton) | Ore reserves<br>(cubic<br>yards) | Grade<br>(oz. gold/<br>cubic yard) |
| Proved .....   | 195,000                | .172                        | 376,964                          | .142                               |
| Probable ..... | 1,215,000              | .198                        | 135,955                          | .153                               |
|                | <u>1,410,000</u>       | <u>.192</u>                 | <u>512,919</u>                   | <u>.145</u>                        |

Notes:

- (1) Based upon an independent engineering report as at July 31, 1983, adjusted for production to March 31, 1984. Barrick's interest is 50% of the above reserves.  
 (2) Based upon the operator's estimates as at December 31, 1983. Barrick's interest is 23% of the above reserves.

|                |                            | Future Net Cash Flow (1) |                  |                  |
|----------------|----------------------------|--------------------------|------------------|------------------|
|                |                            | Undiscounted             | Discounted at    |                  |
|                |                            |                          | 10%              | 15%              |
|                |                            | (thousands of dollars)   |                  |                  |
|                | Net gas reserves<br>(mmcf) |                          |                  |                  |
| Proved .....   | 15,046                     | \$ 75,788                | \$ 43,354        | \$ 34,327        |
| Probable ..... | 19,351                     | 104,479                  | 49,155           | 35,568           |
|                | <u>34,397</u>              | <u>\$180,267</u>         | <u>\$ 92,509</u> | <u>\$ 69,895</u> |

Note:

- (1) A majority of these gas reserves are contracted at prices ranging from U.S. \$3.30/mcf (Fandango) to U.S. \$3.90/mcf (Badwater). The equivalent Canadian dollar prices (at current exchange rates) would be Cdn. \$4.25/mcf (Fandango) and Cdn. \$5.05/mcf (Badwater). Appropriate escalation factors have been applied.

## CAMFLO

Camflo Mines Limited ("Camflo") is a resource-oriented corporation which owns and operates a gold mine in Quebec, carries on mining exploration in Canada and also has oil and gas interests in Canada and the United States. The shares of Camflo are listed on the Toronto and Montreal stock exchanges.

The following table summarizes certain consolidated financial information with respect to Camflo for the periods indicated:

|   | Three months<br>ended March 31,                  |            | Year ended<br>December 31, |            |
|---|--|------------|----------------------------|------------|
|   | 1984   | 1983       | 1983                       | 1982       |
|   | (unaudited)                                      |            |                            |            |
|   | (thousands of dollars, except per share amounts) |            |                            |            |
| Working capital (deficiency) .....              | \$4,366  | \$ (1,269) | \$ 4,395                   | \$ (2,094) |
| Long-term debt .....                            | 79,865   | 82,270     | 82,849                     | 81,121     |
| Shareholders' equity (deficiency) .....         | 5,195  | (2,963)    | 2,441                      | (3,560)    |
| Revenue .....                                   | 7,755  | 7,709      | 33,129                     | 40,366     |
| Net income .....                                | 930  | 556        | 2,606 (1)                  | 2,025      |
| Net income per share (dollars) .....            | 0.25   | 0.15       | 0.71 (1)                   | 0.55       |
| Working capital generated from operations ..... | 1,378  | 1,370      | 7,617 (1)                  | 7,525      |

Note:

(1) Does not include an extraordinary gain of \$3,352,000 or \$0.92 per share.

The following tables summarize certain information relating to Camflo's producing gold property and Camflo's net interests in producing oil and gas properties.

|                | Ore Reserves     | Grade          |
|----------------|------------------|----------------|
|                | (Tons)           | (oz. gold/ton) |
| Proved .....   | 1,680,000        | .12            |
| Probable ..... | 420,000          | .12            |
|                | <u>2,100,000</u> | <u>.12</u>     |

Camflo has certain other direct and indirect interests in gold production as referred to under "Camflo Mines Limited".

|                | Net Reserves   |               | Future Net Cash Flow (1) |                        |                  |
|----------------|----------------|---------------|--------------------------|------------------------|------------------|
|                | Oil            | Gas           | Undiscounted             | Discounted at          |                  |
|                | (barrels)      | (mmcf)        |                          | 10%                    | 15%              |
|                |                |               |                          | (thousands of dollars) |                  |
| Proved .....   | 446,100        | 75,200        | \$257,076                | Not Available          | \$ 63,523        |
| Probable ..... | 119,300        | 9,900         | 38,839                   |                        | 5,097            |
|                | <u>565,400</u> | <u>85,100</u> | <u>\$295,915</u>         |                        | <u>\$ 68,620</u> |

Note:

(1) These cash flows are based upon current prices of Cdn. \$2.90/mcf for the Signalta properties and Cdn. \$2.60/mcf for the Voyager properties, utilizing appropriate escalation factors.

## BOB-CLARE

Bob-Clare is a private Ontario corporation, all the shares of which are owned, directly or indirectly, by or for the benefit of the members of the family of Robert E. Fasken. Bob-Clare and its associates currently own approximately 22% of the outstanding common shares of Camflo. Immediately prior to the Amalgamation, the only assets of Bob-Clare will be 910,000 common shares of Camflo and certain interests in oil and gas properties in Canada and the only liabilities of Bob-Clare will be aggregate bank indebtedness of \$26,277,000. Bob-Clare will also have at that time at least \$15 million of unclaimed tax deductions and tax losses.



The following tables summarize certain information relating to the oil and gas interests to be held by Bob-Clare immediately prior to the Amalgamation:

|                | Net Reserves  |               | Future Net Cash Flow   |                  |                 |
|----------------|---------------|---------------|------------------------|------------------|-----------------|
|                | Oil           | Gas           | Undiscounted           | Discounted at    |                 |
|                | (barrels)     | (mmcf)        |                        | 10%              | 15%             |
|                |               |               | (thousands of dollars) |                  |                 |
| Proved .....   | 30,787        | 9,731         | \$ 32,169              | \$ 10,345        | \$ 7,969        |
| Probable ..... | —             | 628           | —                      | —                | —               |
| Total .....    | <u>30,787</u> | <u>10,359</u> | <u>\$ 32,169</u>       | <u>\$ 10,345</u> | <u>\$ 7,969</u> |

|   | Three months ended<br>March 31, 1984 | Year ended<br>December 31, 1983 |
|---|--------------------------------------|---------------------------------|
| Revenue .....                                   | \$405,354                            | \$1,027,751                     |
| Expenses .....                                  | 178,108                              | 454,564                         |
| Working capital generated from operations ..... | 263,746                              | 641,526                         |

## PROPOSED TRANSACTIONS

### Amalgamation of Barrick, Camflo and Bob-Clare

It is intended to amalgamate Barrick, Camflo and Bob-Clare (the "Amalgamation") under the provisions of the Business Corporations Act, 1982 (Ontario) on a seven-for-one basis as regards Camflo and Barrick, respectively. Upon the Amalgamation, holders of common shares of Barrick will receive one common share of the amalgamated corporation ("Amalco") for each common share of Barrick currently held, holders of preferred shares of Barrick will receive one preferred share of Amalco having substantially the same attributes for each preferred share of Barrick held, shareholders of Camflo (other than Bob-Clare) will receive seven common shares of Amalco for each common share of Camflo held, and all of the shareholders of Bob-Clare will receive an aggregate of 952,381 First Preferred Shares, Series B of Amalco which preferred shares have been valued for purposes of the Amalgamation at an aggregate of \$2,000,000. The 910,000 shares of Camflo to be owned by Bob-Clare at the time of the Amalgamation will be cancelled on the Amalgamation.

The First Preferred Shares, Series B of Amalco will be convertible on a one-for-one basis into common shares of Amalco, will carry non-cumulative dividends at a rate of \$0.126 per annum and will be redeemable at the option of Amalco at \$2.3625 per share at any time after the date which is 20 days after first anniversary of the effective date of the Amalgamation.

### Restructuring of Bank Debt

Upon the Amalgamation, the bank indebtedness of Amalco will include indebtedness to The Royal Bank of Canada (the "Royal Bank") of \$94,077,000 and to another Canadian chartered bank of \$2,200,000. In connection with the Amalgamation, Barrick, Camflo, Bob-Clare and the Royal Bank have agreed to a restructuring of this indebtedness on the following basis:

- \$40,000,000 of the indebtedness to the Royal Bank will be converted from a demand loan to a five year term loan with interest payable at a rate per annum equal to the Royal Bank's prime rate plus 1% except that Amalco will have the option to fix the interest rate for periods of up to 2-1/2 years at a rate equal to the Royal Bank's cost of funds;
- \$30,000,000 of the indebtedness to the Royal Bank will remain in place as an operating loan with interest at a rate per annum equal to the Royal Bank's prime rate plus 1%. Of this loan, \$10,000,000 will be payable in April 1985 and the balance payable on demand thereafter. The operating loan will be reduced by asset dispositions; and
- the remaining \$24,077,000 of indebtedness to the Royal Bank and the indebtedness of \$2,200,000 to the other bank will be discharged immediately after the Amalgamation.

In consideration of the Royal Bank's agreement to the foregoing restructuring it will receive common shares and warrants of Camflo which, after giving effect to the Amalgamation, will be exchanged for 476,196 common shares and 6,000,001 common share purchase warrants of Amalco. Each of these warrants will entitle the holder to subscribe for one common share of Amalco at \$2.10 for a period of five years.

### Private Placement of Barrick Common Shares

Barrick has received subscriptions to purchase, by way of private placement, an aggregate of 14,285,714 common shares of Barrick at \$2.10 per share for aggregate proceeds of \$30,000,000. The subscriptions are conditional upon the contemporaneous completion of the Amalgamation.

### Basis of Amalgamation

The terms of the Amalgamation place a seven-to-one exchange ratio on the shares of Camflo and Barrick, respectively. All of the shares of Bob-Clare have been valued for purposes of the Amalgamation at \$2,000,000. These ratios and values were determined by arms length negotiation among Barrick, Camflo and Bob-Clare.

The seven-to-one exchange ratio was determined on the basis of a number of factors, including estimated market values of the shares of Barrick and Camflo, asset valuations, the mixture of the companies' respective assets and liabilities, future earnings potential, and the ability or inability of the respective companies to raise equity and reduce debt.

### Fairness Opinions

Midland Doherty Limited has provided an opinion that the terms of the Amalgamation of Barrick, Camflo and Bob-Clare and related transactions described herein are fair to Camflo and its shareholders. First Marathon Securities Limited has provided an opinion that the terms of the Amalgamation and related transactions described herein are fair to Barrick and its shareholders from a financial point of view. These opinions are annexed as Schedules B and C to this Information Booklet.

### Approval, Recommendation and Voting

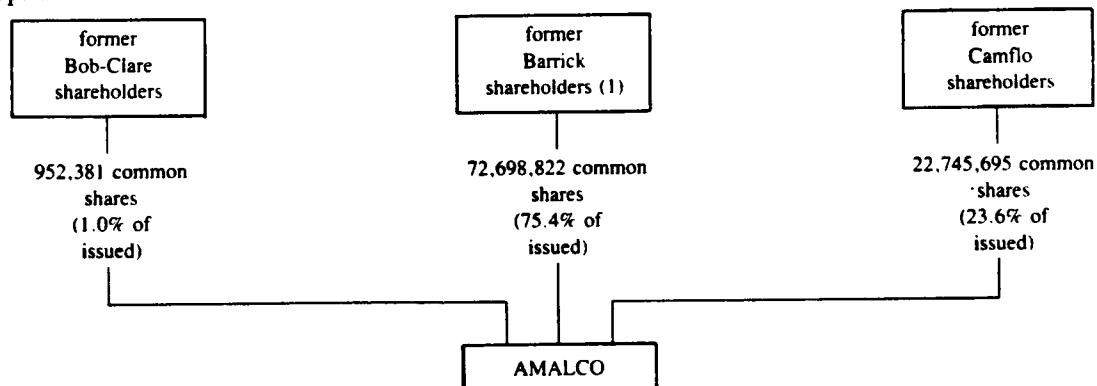
Due to the position of Bob-Clare as the largest single shareholder of Camflo owning approximately 22% of the outstanding shares and the interest in Bob-Clare of Robert E. Fasken, the Chairman of Camflo, a committee of directors of Camflo who are not shareholders, directors or officers or otherwise affiliated with Bob-Clare or Robert E. Fasken was constituted to consider the terms of the Amalgamation and related transactions as described herein. This independent committee has determined that the terms of the Amalgamation and related transactions described herein are fair to Camflo and its shareholders and recommended the approval thereof by the board of directors of Camflo.

The boards of directors of each of Camflo and Barrick have approved the Amalgamation and related transactions described herein and recommend the approval thereof by their respective shareholders.

Due to the interests of Robert E. Fasken in the Amalgamation and related transactions, in addition to approval as required under the Business Corporations Act, 1982 (Ontario), the Amalgamation also requires approval of a majority of the votes cast by Camflo shareholders, other than Bob-Clare, Robert E. Fasken and their associates.

### Effect of Transactions

The following illustrates the effect of the Amalgamation and related transactions in terms of shareholdings in Amalco immediately following the Amalgamation after giving effect to the conversion in full of all outstanding convertible preferred shares but without giving effect to the exercise of outstanding warrants and options:



(1) Includes private placement of 14,285,714 Barrick common shares.

### Conditions Precedent

The completion of the Amalgamation and related transactions described herein is subject to a number of conditions precedent, including certain regulatory approvals. See "Conditions Precedent".

### Amalco

Amalco, which will be called "Barrick Resources Corporation", will continue the businesses of Barrick, Camflo and Bob-Clare carried on immediately prior to the Amalgamation.

The following table summarizes certain unaudited pro-forma consolidated financial information with respect to Amalco for the periods indicated, after giving effect to the Amalgamation and the other related transactions described herein:

|  | Three months ended<br>March 31, 1984  | Year ended<br>December 31, 1983 |
|--|---|---------------------------------|
|  | (pro-forma, unaudited)<br>(thousands of dollars,<br>except per share amounts) |                                 |
| Working capital (1).....                           | \$ 7,392  | \$ 8,053                        |
| Long-term debt (1).....                            | 84,472  | 86,466                          |
| Shareholders' equity (1).....                      | 122,801   | 124,501                         |
| Revenue (2).....                                   | 9,476   | 35,829                          |
| Depreciation and amortization (2)(4).....          | 2,699   | 9,630                           |
| Loss (2).....                                      | 1,142   | 7,237 (3)                       |
| Loss per share (dollars) (2).....                  | 0.01  | 0.08 (3)                        |
| Working capital generated from operations (2)..... | 1,869   | 7,485 (3)                       |

**Notes:**

- (1) Reflects the Amalgamation and related transactions as described herein as at March 31, 1984 and December 31, 1983, respectively.
- (2) Reflects the Amalgamation and related transactions as described herein as at January 1, 1983.
- (3) Does not include an extraordinary gain of \$3,352,000 or \$0.03 per share.
- (4) Depreciation and amortization includes the amortization of the excess of Amalco's cost over Camflo's and Bob-Clare's book value of gold and oil and gas assets which excess amounted to \$63,890,000. In this regard, additional amounts of \$1,538,000 and \$6,153,000 have been included in the depreciation and amortization charges for the periods ending March 31, 1984 and December 31, 1983, respectively. Amalco intends to complete a gold trust financing on the Camflo Mine, the proceeds from which will reduce the carrying value of the mine and consequently the depreciation and amortization charge will be significantly reduced. See "Amalco — Future Plans".

### Canadian Federal Income Tax Consequences

The following summarizes the income tax consequences to residents of Canada pursuant to the Income Tax Act (Canada) (the "Act") of the Amalgamation and related transactions:

- (a) a shareholder of Barrick will realize neither a capital gain nor a capital loss as a result of the exchange of his common shares or preferred shares of Barrick for common shares or preferred shares of Amalco; and
- (b) a shareholder of Camflo will realize neither a capital gain nor a capital loss as a result of the exchange of his common shares of Camflo for common shares of Amalco.

## **PROPOSED TRANSACTIONS**

This Information Booklet is intended to provide information to shareholders of Barrick Resources Corporation ("Barrick") and Camflo Mines Limited ("Camflo") with respect to the proposed amalgamation (the "Amalgamation") of Barrick, Camflo and Bob-Clare Investments Limited ("Bob-Clare"), and with respect to certain other related transactions described herein including the restructuring of indebtedness to The Royal Bank of Canada (the "Royal Bank") and the private placement of Barrick common shares.

### **Purpose of the Transactions**

Barrick and Camflo management regard the proposed amalgamation of Barrick, Camflo and Bob-Clare as beneficial to the companies' respective shareholders. In particular there is a synergistic effect achieved by the combination of the three companies as a result of the combined asset mix, which are mature in the case of Bob-Clare and Camflo and growth oriented in the case of Barrick. In addition, Barrick's corporate strategy to acquire additional gold producing properties will fully utilize Camflo's highly skilled mine operating and geological teams. Their past success and proven track record, in turn, will significantly enhance Barrick's fund raising capabilities.

Camflo has a highly attractive asset base. However, these assets are mature and, like all hydrocarbon and gold producing properties, are depleting. Camflo's ability to develop significant new assets is impeded by its unacceptably high debt:equity ratio and over-leveraged financial position. Consequently, Camflo has no practical capability to raise funds either through equity financing or through other methods. In fact, during the past two years, Camflo has attempted, without success, to overcome its high debt:equity ratio through a corporate reorganization or through debt or equity financings. While Camflo is able to service its outstanding debts under current gold and gas prices, its ability to repay the outstanding principal would require the sale of its producing assets.

Barrick, on the other hand, is virtually debt-free and its largely unencumbered assets are at a development stage where significant cash flow can be predicted. Barrick also has a demonstrated capability to finance growth. This capability is evidenced by the \$30 million it raised since 1983, including the \$17 million for the expansion of the Renabie Mine. It also has received commitments for a further \$30 million of its equity through a private placement in support of the Amalgamation. A similar programme of the innovative financing developed for The Barrick-Cullaton Gold Trust is expected to provide additional financing for Amalco's future growth without incurring debt or equity dilution.

Barrick has been supported in these fund raising activities by a group of its major shareholders who are financially strong and are committed to assist Barrick's corporate objectives.

As a consequence of the increased capital base of Amalco and the contribution of \$30 million in new equity, the Royal Bank has agreed to restructure its \$70 million demand loan (which will become Amalco's debt) by converting \$40 million of such debt to a five-year term loan with an optional fixed interest rate for 2½ years at the Royal Bank's cost of funds. The pro-forma balance sheet of Amalco indicates that, as at March 31, 1984, Amalco would have had a long-term debt:equity ratio of 0.69:1, representing a significant improvement over Camflo's existing long-term debt:equity ratio. This debt restructuring, together with the combination of gold and oil and gas assets of Barrick and Camflo and Barrick's financing abilities, will enable Amalco to reduce its overall debt further by availing itself of the financial markets which Camflo has been unable to access in recent years.

Barrick believes that it has the capability to raise significant financing to acquire additional gold mining properties, with its major constraint being the lack of its own mining exploration and operating expertise. Camflo has such mining expertise but is restricted in its ability (due to its debt burden and lack of funds) to utilize this expertise to expand its own properties in order to find further reserves or acquire other mines. The result of the Amalgamation is a combination of these strengths and reduction of these weaknesses with the resulting benefits accruing to the shareholders of both companies.

### **Details of the Transactions**

#### **Private Placement of Barrick Common Shares**

Barrick has received subscriptions to purchase, by way of private placement, an aggregate of 14,285,714 common shares of Barrick at \$2.10 per share for aggregate proceeds of \$30,000,000. These subscriptions include a stand-by commitment by Barrick Investments Limited to subscribe for any common shares that are not taken up by

other parties. As at the date hereof, over two-thirds of the total private placement had been subscribed by other parties. Barrick Investments Limited is a company in which four Barrick directors, Messrs. Khashoggi, Munk, Gilmour and Birchall have significant shareholdings. The subscriptions are conditional upon the completion of the Amalgamation. Of the \$30,000,000 of proceeds, \$26,277,000 will be used to repay indebtedness of Amalco immediately following the Amalgamation and the balance will be used by Amalco for working capital purposes.

#### **Amalgamation of Barrick, Camflo and Bob-Clare**

Barrick, Camflo and Bob-Clare will amalgamate pursuant to the provisions of the Business Corporations Act, 1982 (Ontario) (the "OBCA") and continue as one company, to be called "Barrick Resources Corporation". The Amalgamation will be implemented pursuant to the provisions of an amalgamation agreement (the "Amalgamation Agreement") dated as of June 14, 1984 entered into among Barrick, Camflo and Bob-Clare, a copy of which is attached to this Information Booklet as Schedule A. Under the Amalgamation Agreement, the Amalgamation will proceed on the following basis:

- (a) each of the outstanding First Preferred Shares, Series A of Barrick will be converted into one First Preferred Share, Series A of Amalco;
- (b) each of the outstanding Second Preferred Shares, Series A of Barrick will be converted into one Second Preferred Share, Series A of Amalco;
- (c) each of the common shares of Barrick outstanding, including those issued on the private placement of Barrick common shares referred to above, will be converted into one common share of Amalco;
- (d) each of the common shares of Camflo (other than those owned by Bob-Clare), including those to be issued to the Royal Bank, will be converted into seven common shares of Amalco and the common shares of Camflo owned by Bob-Clare will be cancelled without repayment of capital; and
- (e) all the outstanding shares of Bob-Clare will be converted into 952,381 First Preferred Shares, Series B of Amalco.

The First Preferred Shares of Amalco are convertible into common shares of Amalco on a one-for-one basis. The First Preferred Shares, Series A may be redeemed by Amalco at a redemption price equal to the lesser of (i) \$1.90 and (ii) a price (stipulated by Amalco) based upon the weighted average price of the Amalco common shares over a period of 20 consecutive trading days ended not more than five days prior to the date on which notice of such price is given by Amalco. From and after the 30th day following the giving by Amalco of notice of such price, any holder of First Preferred Shares, Series A may require Amalco to redeem such shares at the foregoing price. The First Preferred Shares, Series B are redeemable at the option of Amalco at \$2.3625 per share at any time after the date that is 20 days after the first anniversary of the effective date of the Amalgamation. The First Preferred Shares, Series A and Series B also carry non-cumulative dividends at the rates per share of \$0.114 and \$0.126 per annum respectively.

The Second Preferred Shares, Series A of Amalco are redeemable at the option of Amalco and retractable at the option of the holders thereof, in each case at a price of \$2.43 per share. The Second Preferred Shares, Series A carry non-cumulative dividends at the rate per share of \$0.222 per annum.

For further details as to the attributes of the various classes of preferred shares of Amalco, reference is made to the schedules attached to the Amalgamation Agreement.

In addition, certain outstanding options granted by Barrick and Camflo, respectively, to employees and directors will be assumed by Amalco on a basis adjusted to reflect the share exchange ratios inherent in the Amalgamation. Reference is made to "Barrick — Management Stock Options" and "Camflo — Stock Option Plan". It is also proposed that a new stock option plan for directors, officers and key employees of Amalco be established. Reference is made to "Amalco — Stock Options". Certain warrants to be issued by Camflo to the Royal Bank will be exchanged on an appropriate basis, for warrants of Amalco. See "Restructuring of Bank Debt" below.

#### **Restructuring of Bank Debt**

Immediately prior to the Amalgamation, Bob-Clare will have indebtedness of \$24,077,000 to the Royal Bank and \$2,200,000 to another Canadian chartered bank. Camflo will have indebtedness of approximately \$70 million to the Royal Bank. The indebtedness of Bob-Clare and Camflo to the Royal Bank is currently being administered



by the Royal Bank's special loans department. Since Amalco will assume the liabilities of all the amalgamating companies, Amalco's unconsolidated bank indebtedness will include indebtedness to the Royal Bank of approximately \$94,077,000 and to the other bank of \$2,200,000. Amalco will also have a further \$1.5 million of bank indebtedness (being Barrick's former bank debt) and Neomar Resources Limited (which will become a subsidiary of Amalco) will continue to have a \$9,000,000 oil and gas production bank loan secured only by assets of Neomar.

In connection with the Amalgamation, Barrick, Camflo, Bob-Clare and the Royal Bank have agreed to the restructuring of the aforementioned indebtedness as described below. To date this agreement is evidenced by a Heads of Agreement dated May 14, 1984 and entered into among the Royal Bank, Camflo, Barrick, Bob-Clare and the shareholders of Bob-Clare, but it is contemplated that formal loan agreements will be entered into prior to the completion of the Amalgamation. In order to ensure that adequate time was available to accomplish the debt reorganization of Bob-Clare and Camflo, Barrick agreed with the Royal Bank, in the Heads of Agreement, to pay the Royal Bank \$500,000 for a "standstill" commitment from the Royal Bank with respect to the indebtedness of Bob-Clare and Camflo until July 16, 1984. This commitment may be extended, if necessary, for two additional 30 day periods on payment of \$50,000 per period. Barrick would also be obliged to pay interest on \$25 million of the indebtedness after July 16, 1984 to the completion of the Amalgamation or termination of the proposal.

The restructuring contemplates that, effective upon the completion of the Amalgamation, \$70,000,000 of Camflo's existing indebtedness to the Royal Bank will be converted into a \$40,000,000 five year term loan (the "Term Loan") and an approximately \$30,000,000 operating facility (the "Operating Loan") on the following terms:

- (a) the Term Loan will bear interest at a rate per annum equal to the Royal Bank's prime rate plus 1% payable monthly with principal payments to be deferred except that, after repayment in full of the Operating Loan, "proceeds of asset dispositions" must be applied as described in paragraph (d) below. Amalco will have the option for a period of six months from the date of Amalgamation to convert the Term Loan in whole or in part to a fixed rate facility in minimum tranches of \$5,000,000 for periods which will not extend beyond 2-1/2 years from the date of Amalgamation. In the event Amalco exercises this option, the fixed interest rate will be at the Royal Bank's "matched funds base rate" (the Royal Bank's cost of funds on a matched funding basis) in effect at the time of election as established by the Royal Bank for the term elected, subject to availability and other related terms and conditions including acceptance and drawdown requirements. The rate of interest will revert to the Royal Bank's prime rate plus 1% at the expiration of any fixed rate periods elected;
- (b) in the event that the Term Loan is prepaid in whole or in part, the cost of cancellation as determined by the Royal Bank is to be paid to the Royal Bank by Amalco;
- (c) the Operating Loan will be reduced from time to time by the "proceeds of asset dispositions" as defined in paragraph (d) below and in addition by any operating cash flow of Amalco in excess of \$4,500,000 during 1984 and thereafter by cash flow in excess of such amount as is determined by the Royal Bank from time to time in its discretion;
- (d) "proceeds of asset dispositions" as referred to above is defined as net proceeds from: (i) the disposition of tangible and intangible assets other than in the ordinary course of business, (ii) equity financings (other than approved equity financings referred to in paragraph (g) below), and (iii) royalty trusts or any other sales of future production or interest. These proceeds are to be applied first to the Operating Loan and then to the Term Loan;
- (e) Amalco will be required to provide security by way of (i) all current security held for Camflo's debt, which includes a floating charge over all of Camflo's assets, pledges of securities held by Camflo including its interests in affiliates, and security under section 177 of the Bank Act and (ii) a negative pledge on all the assets of Amalco which were assets of Barrick and Bob-Clare prior to the Amalgamation, subject to Amalco being allowed to provide security for development financing and reasonable latitude for working capital requirements;
- (f) the formal loan agreement will contain various positive and negative covenants by Amalco including with respect to financial maintenance and ratio tests; security coverage tests; representations and warranties; default provisions; prepayment penalties; dividend restrictions; and other terms, conditions and covenants reasonably acceptable to the Royal Bank;

- (g) the formal loan agreement will provide for a debt reduction program acceptable to the Royal Bank under which principal repayments are to be made from asset dispositions, equity financings (other than issues of common shares for working capital purposes or to finance acquisitions which are approved by the Royal Bank, approval not to be unreasonably withheld), and sales by way of royalty trusts or otherwise of future production or interests;
- (h) under the formal loan agreement, the Royal Bank's consent (which is not to be unreasonably withheld) will be required for any transaction which would result in the dilution of the Royal Bank's holdings of Amalco common shares assuming the conversion of its common share purchase warrants as referred to below; and
- (i) the Operating Loan will bear interest at the Royal Bank's prime rate plus 1% and will provide for a principal repayment of \$10,000,000 in April 1985 and the balance of the \$20,000,000 thereafter upon demand.

The remaining indebtedness of \$24,077,000 to the Royal Bank (being an amount equivalent to Bob-Clare's indebtedness to that bank immediately prior to the Amalgamation) and the indebtedness of \$2,200,000 to the other bank will be discharged immediately after the Amalgamation.

In consideration of its agreement to restructure the indebtedness of Camflo as referred to above, the Royal Bank will receive from Camflo, immediately prior to the Amalgamation, 68,028 common shares and 857,143 common share purchase warrants ("warrants") of Camflo. Upon the Amalgamation, these will be converted on a seven-for-one basis into 476,196 common shares and 6,000,001 warrants, respectively, of Amalco. The Royal Bank's obligations in respect of the debt restructuring are conditional upon a third party purchaser acceptable to the Royal Bank agreeing to purchase the 476,196 common shares for \$1,000,000 immediately after the Amalgamation.

Each warrant to be issued by Amalco to the Royal Bank in exchange for a warrant of Camflo will entitle the holder, for a period of five years from the date of Amalgamation, to subscribe for one common share of Amalco at the lower of \$2.10 per share and the price at which the common shares of Barrick are sold to purchasers under the private placement of common shares of Barrick referred to under "Private Placement of Barrick Common Shares" above. Since it is a condition to the Amalgamation that the private placement occur at \$2.10 per share, effectively the warrant exercise price is \$2.10 per share. The Royal Bank has agreed to sell one-half of the warrants to be received by it (3,000,000 warrants after giving effect to the Amalgamation) to Davidson Partners Limited ("Davidson") at a purchase price of \$0.50 per warrant for a total consideration of \$1,500,000. In addition, the Royal Bank has the right to require Amalco to purchase the remaining 3,000,001 warrants from the Royal Bank at \$0.50 per warrant during the 12-month period immediately following the Amalgamation. This obligation will be secured on the same security as is being provided for the Operating Loan and Term Loan.

The warrants to be issued to the Royal Bank by Amalco in exchange for the Camflo warrants will be issued pursuant to a trust indenture to be made between Amalco and National Trust Company, Limited. The trust indenture will provide for the adjustment of the number of shares issuable to the Royal Bank upon exercise of the warrants upon the occurrence of certain events such as stock splits and consolidations, rights offerings and capital reorganizations.

Based upon the foregoing arrangements, the consideration being provided by Amalco to the Royal Bank in connection with the debt restructuring may be considered to have a fair market value of \$4,000,000. Barrick and Camflo are of the view, which has been confirmed by an opinion of Coopers and Lybrand, the auditors of Barrick, that the value to Amalco of successfully completing the proposed restructuring of indebtedness (as compared with the situation which would have existed without the restructuring) is not less than \$4,000,000.

#### **Arrangements with Bob-Clare Shareholders**

Robert E. Fasken ("Fasken") and the other shareholders of Bob-Clare (which are, directly or indirectly, a trust for the benefit of members of Fasken's family and a corporation controlled by Fasken's wife) have agreed to provide certain representations and warranties with respect to their title to the shares of Bob-Clare and with respect to the financial statements, assets and liabilities, tax deductions and losses, and affairs of Bob-Clare and, in addition, have agreed to provide certain representations and warranties with respect to Camflo. In consideration for and conditional upon the provision of these representations and warranties by Fasken and the other shareholders of Bob-Clare, Barrick and Camflo have agreed to ensure that Davidson enters into an agreement prior to the Amalgamation whereby Davidson agrees to purchase, if called upon by such shareholders of Bob-Clare to do so at

any time during the 30-day period commencing one year after the effective date of the Amalgamation, all of the First Preferred Shares, Series B of Amalco issuable by Amalco to such shareholders upon the Amalgamation for an aggregate purchase price of \$2,250,000. No brokerage fees or similar charges are payable by such shareholders of Bob-Clare upon the transfer of their shares to Davidson.

### **Basis of Amalgamation**

The exchange ratio inherent in the Amalgamation as it relates to Barrick and Camflo is based on seven common shares of Amalco for each common share of Camflo and one common share of Amalco for each common share of Barrick, or a share exchange ratio of seven-to-one. Based on the private placement of \$30,000,000 of Barrick common shares at \$2.10 per share, a seven-to-one ratio would place a value on Camflo common shares for the purpose of this transaction of \$14.70 per share. The seven-to-one ratio was determined by arm's length negotiation between Barrick and Camflo, on the basis of a number of factors, including estimated market values of the shares of Barrick and Camflo, asset valuations, the mixture of the companies' respective assets and liabilities, future earnings potential, and the ability or inability of the respective companies to raise equity or reduce debt.

All the shares of Bob-Clare have been valued at \$2 million. The value attributed to Bob-Clare was determined on the basis of Barrick's and Camflo's assessment of the net shareholders' equity of Bob-Clare immediately prior to the Amalgamation. The assets of Bob-Clare immediately prior to the Amalgamation will be 910,000 common shares of Camflo (valued at \$13,377,000 or \$14.70 per share), certain oil and gas properties which are considered to have a value of approximately \$8 million, and various unclaimed tax deductions and tax losses amounting to at least \$15 million.

The value of \$8 million for the oil and gas assets of Bob-Clare was determined on a basis consistent with the basis used by the parties in determining the values placed on the oil and gas assets held by Camflo, since most of Bob-Clare's oil and gas interests are in certain of the properties in which Camflo also holds an interest. The value of \$13,377,000 placed on the common shares of Camflo held by Bob-Clare is based upon the \$14.70 per share amount ascribed to Camflo common shares for purposes of the Amalgamation. A \$7 million amount has been attributed to the unclaimed tax deductions and tax losses of Bob-Clare. Coopers & Lybrand (who are also Bob-Clare's accountants and Barrick's auditors) have advised that, based upon assumptions provided by Barrick, which assumptions Barrick and Camflo believe to be applicable and valid, these unclaimed tax deductions and tax losses can be utilized by Amalco to effect tax savings of \$7 million.

Consequently, the parties, in arm's length negotiations, have determined that a \$2 million value placed on Bob-Clare's net shareholders' equity is fair and reasonable.

### **Board Approval and Fairness Opinions**

In the case of Camflo, due to the position of Bob-Clare as the largest single shareholder of Camflo owning approximately 22% of the outstanding common shares and the interest in Bob-Clare of Fasken, the Chairman of Camflo, a committee of directors of Camflo comprising members of the board who are not directors, officers, shareholders or otherwise affiliated with Bob-Clare or Fasken was constituted to consider the terms of the Amalgamation and related transactions. This committee of directors retained the services of Midland Doherty Limited to provide an independent opinion as to the fairness of the terms of the Amalgamation and related transactions described herein to Camflo and its shareholders. A copy of the opinion of Midland Doherty Limited is attached to this Information Booklet as Schedule B.

The committee of independent directors of Camflo determined that the terms of the Amalgamation and related transactions as described herein are fair and in the best interests of Camflo and its shareholders and recommended the approval thereof by the board of directors of Camflo. The board of directors of Camflo (Messrs. Fasken and Verchere, the latter being a partner in the firm of solicitors acting for Bob-Clare, refraining from voting) also determined that the terms of the Amalgamation and related transactions as described herein are fair and in the best interests of Camflo and its shareholders.

In the case of Barrick, the board of directors of Barrick retained the services of First Marathon Securities Limited to provide an independent opinion as to the fairness of the terms of the Amalgamation and related transactions described herein to Barrick and its shareholders from a financial point of view. A copy of the opinion of First Marathon is attached to this Information Booklet as Schedule C. An expanded version of this opinion is also available upon request at the head office of Barrick, First Marathon and at the offices of The Toronto Stock Exchange, Listings and Distributions Division. The board of directors of Barrick also determined that the terms of the Amalgamation and related transactions as described herein are fair and in the best interests of Barrick and its shareholders.

### Conditions Precedent

Pursuant to the Amalgamation Agreement, the respective obligations of the parties to consummate the Amalgamation and the related transactions as described herein are subject to the fulfillment of certain mutual conditions precedent, notwithstanding the approval of the Amalgamation Agreement by shareholders of Barrick and Camflo, including:

- (a) the obtaining of all necessary regulatory rulings, orders or approvals;
- (b) Barrick (which is currently a corporation governed by the Canada Business Corporations Act) shall have obtained a certificate of continuance under the OBCA;
- (c) the Royal Bank and other applicable parties shall have entered into an agreement or agreements providing for the restructuring of Camflo's debt substantially on the terms referred to under "Restructuring of Bank Debt";
- (d) Barrick shall have completed a private placement of its common shares substantially on the basis referred to under "Private Placement of Barrick Common Shares"; and
- (e) Bob-Clare shall have been reorganized so that its assets and liabilities are substantially as described under "Bob-Clare Investments Limited".

The following are additional conditions precedent provided for in the Amalgamation Agreement which are for the benefit of Barrick and Camflo and which can be waived by either of them:

- (a) those holders of common shares of (i) Barrick who shall have dissented in respect of the continuance of Barrick under the OBCA or (ii) either Barrick or Camflo who shall have dissented in respect of the Amalgamation, shall beneficially own not more than 3% of the outstanding common shares of such corporations as at the date of the meeting, respectively;
- (b) except as affected by the Amalgamation, the representations and warranties of each of the other parties contained in the Amalgamation Agreement shall be true and correct in all material respects on the effective date of the Amalgamation with the same effect as if such representations and warranties had been made at such date as evidenced by certificates of officers of such parties and there shall have been no material change in the business or financial condition of such other parties.

In addition, the Amalgamation is subject to the condition precedent for the benefit of Bob-Clare that Davidson shall have entered into the agreement referred to under "Arrangements with Bob-Clare Shareholders". This condition may be waived by Bob-Clare.

### Required Shareholder Approvals

#### Barrick

On June 14, 1984 the directors of Barrick resolved to submit to shareholders of Barrick for approval at a meeting to be held for that purpose: (i) a resolution authorizing Barrick to apply to the Director appointed under the OBCA requesting that Barrick be continued as if it had been incorporated under the OBCA; and (ii) a resolution approving and adopting, subject to such continuance becoming effective, the Amalgamation Agreement. For the Amalgamation to become effective, each of the continuance and the Amalgamation Agreement must be approved by a resolution passed by a majority of not less than two-thirds ( $\frac{2}{3}$ ) of the votes cast by the shareholders of Barrick who vote in respect of the resolution. In addition, pursuant to the Amalgamation Agreement, the Amalgamation will not be proceeded with unless not less than two-thirds ( $\frac{2}{3}$ ) of the shares which were voted in respect of the foregoing resolution to approve and adopt the Amalgamation Agreement and which were voted by, or by proxy on behalf of, shareholders who have declared in form and terms satisfactory to Barrick and Camflo that they are not nationals, citizens or residents of, or persons normally resident in, the United States of America or any of its territories or possessions (referred to herein as "Non-U.S. Shareholders"), have been voted in favour of such resolution.

Under the by-laws and policies of the Toronto and Montreal stock exchanges, the private placement of Barrick common shares referred to under "Private Placement of Barrick Common Shares" and the establishment of the stock option plan referred to under "Amalco — Stock Options" will require the approval of the shareholders of Barrick. Such approvals must be given in each case by a resolution passed by a majority of the votes cast by the shareholders of Barrick who vote in respect of the resolution.

## **Camflo**

On June 14, 1984 the directors of Camflo resolved to submit the Amalgamation Agreement for approval to a meeting of shareholders of Camflo to be held for that purpose. For the Amalgamation to become effective, the Amalgamation Agreement must be approved by a resolution passed by a majority of not less than two-thirds ( $\frac{2}{3}$ ) of the votes cast by the shareholders of Camflo who vote in respect of the resolution. In addition, pursuant to the Amalgamation Agreement, the Amalgamation will not be proceeded with unless not less than two-thirds ( $\frac{2}{3}$ ) of the shares which were voted in respect of the foregoing resolution to approve and adopt the Amalgamation Agreement and which were voted by, or by proxy on behalf of, shareholders who have declared in form and terms satisfactory to Barrick and Camflo that they are Non-U.S. Shareholders, have been voted in favour of such resolution.

In view of the interests of Fasken, an officer and director of Camflo, in the Amalgamation and related transactions as described under "Camflo — Interests of Management and Others in Material Transactions and Matters to be Acted Upon", for the Amalgamation Agreement to become effective, the Toronto and Montreal stock exchanges have required that it must also be approved by a majority of the votes cast by shareholders of Camflo who vote in respect of the foregoing resolution other than Bob-Clare, Fasken, and their respective associates. Fasken is also a director and officer of United Siscoe Mines Inc. ("Siscoe"), which is approximately 43.7% owned by Camflo. Siscoe owns 756,600 or approximately 18.7% of the outstanding Camflo common shares. Fasken will not participate in the decision of Siscoe as to the voting of its Camflo shares in respect of the Amalgamation and related transactions. A majority of the other directors of Siscoe does not have any interest at law in Bob-Clare or any shareholder thereof.

Under the by-laws and policies of the Toronto and Montreal stock exchanges, the establishment of the stock option plan referred to under "Amalco - Stock Options" must be approved by the shareholders of Camflo. Such approval must be given by a resolution passed by a majority of the votes cast by the shareholders of Camflo who vote in respect of the resolution.

## **Bob-Clare**

On June 14, 1984 the directors and shareholders of Bob-Clare approved and adopted the Amalgamation Agreement.

### **Effective Date of Amalgamation**

As soon as practicable following the approval of the Amalgamation Agreement by shareholders of Barrick and Camflo, respectively, and subject as mentioned hereinafter and to fulfillment of the conditions precedent referred to under "Conditions Precedent" which have not been waived, articles of amalgamation will be filed with the proper authorities and the Amalgamation will become effective. Notwithstanding the approval of the Amalgamation Agreement by shareholders and fulfillment (or waiver) of the various conditions, the Amalgamation Agreement may be terminated prior to the issuance of a Certificate of Amalgamation by mutual consent of the amalgamating corporations.

### **Stock Exchange Listings**

The Toronto and Montreal stock exchanges have conditionally approved the listing of the common shares of Amalco issuable in connection with the Amalgamation, subject to the filing of required documents. However, Amalco does not propose to make application for the listing of the First Preferred Shares or the Second Preferred Shares issuable in connection with the Amalgamation and it is not known whether a market for the trading of such shares will develop.

### **Income Tax Information**

#### **Canadian Residents**

##### **Introduction**

The following is a summary explanation of the relevant income tax consequences pursuant to the Income Tax Act (Canada) (the "Act") of the Amalgamation to shareholders of Barrick and Camflo. The following comments summarize only the Canadian federal income tax consequences pursuant to the Act and the regulations thereunder and do not summarize the income tax consequences pursuant to any provincial income tax legislation or pursuant to any income tax legislation of a country other than Canada. The comments are confined to the Act as it currently exists; however, amendments to the Act currently proposed by the federal government will not alter the income tax consequences as summarized below. In addition, the following comments are for the purpose of providing general assistance only and are not intended to be a substitute for the advice of a shareholder's own tax advisers.



Accordingly, each shareholder of Barrick and Camflo is advised to consult with his own tax advisers to assist him in determining and assessing the income tax implications affecting him as a result of the Amalgamation and related transactions. Advance income tax rulings have not been obtained from Revenue Canada, Taxation. Where appropriate, reference is made to the current administrative practices of Revenue Canada, Taxation as they relate to the Amalgamation and to the related transactions.

The following comments, except where specifically stated otherwise, are confined to shareholders of Barrick and Camflo resident in Canada to whom the common shares and preferred shares of Barrick and the common shares of Camflo, respectively, represent capital property for purposes of the Act. Generally, such shares will represent capital property to a shareholder unless a disposition of the shares by the shareholder would give rise to income from the carrying on of a business of trading and dealing in shares or from an adventure in the nature of trade. Certain shareholders of Barrick and Camflo whose shares might not otherwise qualify as capital property to them may be entitled to obtain such qualification by making the election permitted by subsection 39(4) of the Act.

### ***Amalgamation***

The Amalgamation will have the following Canadian income tax consequences for a person who is a shareholder of Barrick or of Camflo:

- (a) a shareholder of Barrick will realize neither a capital gain nor a capital loss as a result of the disposition by him of his common shares or preferred shares of Barrick and the acquisition of common shares or preferred shares of Amalco;
- (b) the cost and the adjusted cost base to a shareholder of Barrick of the common shares or preferred shares of Amalco received on the Amalgamation will be the aggregate of the adjusted cost base (as defined in the Act) of the common shares or preferred shares, as the case may be, of Barrick to the shareholder immediately before the Amalgamation;
- (c) a shareholder of Camflo will realize neither a capital gain nor a capital loss as a result of the disposition by him of his common shares of Camflo and the acquisition of common shares of Amalco; and
- (d) the cost and the adjusted cost base to a shareholder of Camflo of the common shares of Amalco received on the Amalgamation will be the aggregate of the adjusted cost base of the common shares of Camflo to the shareholder immediately before the Amalgamation.

Certain transitional rules relevant in determining the cost to a shareholder of his shares may apply to a Barrick shareholder who held, prior to 1972, shares of a predecessor corporation of Barrick or who acquired shares of such a corporation in a non-arm's length transaction from a person who held the shares prior to 1972 and to a Camflo shareholder who held shares of Camflo prior to 1972 or acquired shares of Camflo in a non-arm's length transaction from a person who held such shares prior to 1972. Any such shareholder should consult his own tax advisers as to the application of the foregoing rules.

### ***Conversion of First Preferred Shares***

A shareholder of Amalco will realize neither a capital gain nor a capital loss as a result of the conversion by him of his First Preferred Shares of Amalco into common shares of Amalco; the cost and the adjusted cost base to such a shareholder of the common shares of Amalco received on the conversion will be the aggregate of the adjusted cost base to him of his First Preferred Shares immediately before the conversion.

### ***Redemption of Preferred Shares***

Where preferred shares of Amalco held by a shareholder are redeemed, a shareholder that is an individual or a public corporation and that deals at arm's length with Amalco will realize a capital gain or a capital loss to the extent that the proceeds of redemption are greater (or less) than the adjusted cost base to the shareholder of the preferred shares so redeemed. For certain holders, including private corporations and persons not dealing at arm's length with Amalco, an amount received on a redemption of preferred shares in excess of the stated capital attributable to such shares will be deemed to be a dividend received by such holders and a capital gain or capital loss will be realized by such holders to the extent that the proceeds of redemption less the amount of such deemed dividend are greater (or less) than the adjusted cost base to them of the preferred shares so redeemed.

### ***Dissenting Shareholders***

A shareholder of Barrick may dissent to the proposed continuance under the OBCA of Barrick and a shareholder of Barrick or of Camflo may dissent to the Amalgamation in accordance with the provisions of section 184 of the Canada Business Corporations Act and section 184 of the OBCA, as the case may be, and

receive payment equal to the fair value of the shares of Barrick or of Camflo in respect of which he dissents. A dissenting shareholder that is an individual or a public corporation and that deals at arm's length with the corporation making the payment will realize a capital gain or a capital loss to the extent that the payment received is greater (or less) than the adjusted cost base to the shareholder of the shares in respect of which the payment is made. For certain dissenting shareholders, including private corporations and persons not dealing at arm's length with the corporation making the payment, an amount received in respect of shares in excess of the stated capital attributable to such shares may be deemed to be a dividend received by such holders. In such case, a capital gain or capital loss will be realized by a dissenting shareholder to the extent that the payment received less the amount of such deemed dividends is greater (or less) than the adjusted cost base to him of the shares in respect of which the payment is made. However, it is the position of Revenue Canada, Taxation that the full amount of any payment received by a shareholder of Barrick or Camflo who dissents to the Amalgamation, including a private corporation and a person not dealing at arm's length with the corporation making the payment, will constitute the proceeds of disposition of a capital property so that the shareholder may realize a capital gain or capital loss and no part of such payment will constitute a deemed dividend. Because of uncertainties with respect to the relevant legislation, a dissenting shareholder should obtain further tax advice from his own tax adviser in this regard.

#### **United States Residents and Citizens**

The tax treatment to shareholders who are residents or citizens of the United States ("U.S. Shareholders") will be dependent upon certain conditions being met with respect to the corporations involved and will vary from shareholder to shareholder. Furthermore, state and local tax laws may differ for each U.S. Shareholder. Accordingly, although there is set forth below a brief description of possible U.S. tax consequences of the Amalgamation, it is imperative that U.S. Shareholders consult their own tax advisers with respect to the United States tax consequences of the Amalgamation and requirements for filing with the United States Internal Revenue Services.

It is likely that the Amalgamation will constitute a tax-free reorganization for United States federal income tax ("U.S. Tax") purposes. In such case:

- (a) no gain or loss will be recognized to the U.S. Shareholders of Barrick and Camflo upon the Amalgamation;
- (b) the basis of the Amalco shares received by the U.S. Shareholders of Barrick and Camflo will be the same as the basis of Barrick and Camflo shares held immediately prior to the Amalgamation;
- (c) the holding period of the shares of Amalco in the hands of former Barrick and Camflo shareholders will include the holding period of the shares of Barrick and Camflo surrendered in exchange therefor, provided such Barrick and Camflo shares were held as a capital asset on the date of the Amalgamation.

The United States Internal Revenue Service may take the position that the Amalgamation does not constitute a tax-free reorganization as described above. If the Amalgamation does not constitute a tax-free reorganization for U.S. tax purposes, the receipt by a U.S. shareholder of shares of Amalco pursuant to the Amalgamation will constitute a taxable exchange. In that event, such U.S. Shareholder will have a U.S. gain or loss measured by the difference between the fair market value of the Amalco shares received and his adjusted basis in the Barrick or Camflo shares exchanged therefor. If such shares of Barrick or Camflo constituted a capital asset in the hands of the U.S. Shareholder, such gain or loss will constitute a capital gain or loss and will be either long-term or short-term depending upon whether the shares of Barrick or Camflo were held for more than one year.

#### **Share Certificates**

Following the effective date of the Amalgamation, certificates for common shares of Amalco will be issued to former holders of common shares of Camflo against deposit of their certificates representing common shares with National Trust Company, Limited at its principal office in the City of Toronto. A Letter of Transmittal which may be used to forward Camflo shares for this purpose will be sent to Camflo shareholders after the effective date of the Amalgamation.

It will not be necessary for holders of common shares or preferred shares of Barrick to take any further action in connection with the Amalgamation as their certificates representing common shares or preferred shares of Barrick will continue to represent the same number of common shares or preferred shares of Amalco.

## **BARRICK RESOURCES CORPORATION**

Barrick Resources Corporation ("Barrick") is the corporation resulting from the amalgamation under the Canada Business Corporations Act effective October 14, 1983 of Sungate Resources Ltd. ("Sungate") and the former Barrick Resources Corporation. The latter corporation itself resulted from the amalgamation under the laws of the Province of Ontario effective May 1, 1983 of Consolidated Summit Mines Limited ("Summit") and PetroInc Resources Ltd. ("PetroInc"). Prior to the latter amalgamation, on April 28, 1983 Summit completed a share exchange offer whereby it acquired all of the issued and outstanding shares of Barrick Petroleum Corporation ("Barrick Petroleum").

The head office of Barrick is located at 24 Hazelton Avenue, Toronto, Ontario, M5R 2E2. Barrick's United States operations are managed from its office at 1536 Cole Boulevard, Golden, Colorado, 80401, through its 90% owned subsidiary, Barrick Exploration Company.

Unless otherwise indicated, references to Barrick herein include Barrick and its subsidiaries.

Barrick is an international natural resources company with interests in gold production as well as gold development properties in both Canada and the United States and oil and gas properties in the United States, the Pacific Basin, and the Middle East.

### **Corporate Strategy**

Since its inception, Barrick has become an international natural resource company with a balanced asset base of producing gold properties and oil and gas development properties which provide it with significant growth potential.

Barrick's strategy with respect to its gold properties is to invest principally in producing gold mines. Barrick's intention is to become a major North American gold producer over the next several years. Barrick's principal strategy is to substantially eliminate corporate debt and to use funds raised by royalty trust or other financings similar to The Barrick-Cullaton Gold Trust referred to under "Gold Activities and Properties". Barrick has received a proposal from an international securities firm with respect to the creation of a limited partnership to invest in gold production. Under this proposal, funds would be available to purchase interests in gold producing mines in North America. A financing of this nature would not be repayable as to principal since it would involve the purchase of a fixed or variable amount of gold. It would not result in equity dilution in the sense that no new shares would be issued. This financing mechanism would also provide for delivery of a percentage of gold production from various gold mines owned by Barrick to this limited partnership. The Camflo mine would be the first of such gold mines to be included in the program.

With respect to its oil and gas assets, Barrick's strategy has been to limit its capital commitments and capital development exposure by farming-out significant capital investment requirements to other oil and gas industry partners. Barrick has been successful in achieving this result as evidenced by the fact it has recovered approximately \$7.5 million of its expenditures through farm-outs and significantly reduced its capital commitments. This strategy has enabled Barrick to retain meaningful carried working interests in its exploratory oil and gas properties.

### **Gold Activities and Properties**

#### **Renabie Mines (1981) Limited**

Barrick's principal gold property interest is its holding of 50% of the shares of Renabie Mines (1981) Limited ("Renabie"), an Ontario corporation whose principal business activity is the ownership and operation of a producing gold mine (the "Renabie Mine") near Missanabie, Ontario. The remaining 50% of the shares of Renabie are owned by Cullaton Lake Gold Mines Ltd. ("Cullaton").

#### ***The Renabie Mine***

The Renabie Mine is an operating gold mine discovered in the late 1930's near Missanabie, Ontario. The property consists of 29 patented mining claims and 14 unpatented mining claims (comprising approximately 1300 acres) in the Leeson, Bracken, Rennie and Stover Townships, in the Sudbury Mining District. Production of the mine commenced in 1947 and continued until 1970 when the mine was closed due to labour problems and a static

gold price which rendered operations unprofitable. The mine was operated for six months in late 1975 under the ownership of Rengold Mines and Resources Ltd., the predecessor to Renabie. This effort was undercapitalized, however, and resulted in the receivership of Rengold Mines and Resources Ltd. in 1976.

Sungate Resources Ltd. acquired Renabie in 1979. After renovative work, production resumed in January 1982. To September 30, 1983, a total of approximately \$15 million had been spent on the Renabie Mine by Sungate Resources Ltd.

Effective October 14, 1983, Barrick and Cullaton each acquired a 50% interest in Renabie. At the same time, Campbell Resources Inc. ("Campbell"), an affiliate of Cullaton, was engaged to manage the Renabie Mine.

The following is a summary of gold production from the Renabie Mine from 1947 to March 31, 1984:

| <u>Period</u>                  | <u>Owner/Operator</u>              | <u>Tons Milled</u> | <u>Millhead Grade</u> | <u>Recovery Percentage</u> | <u>Ounces Gold Produced</u> |
|--------------------------------|------------------------------------|--------------------|-----------------------|----------------------------|-----------------------------|
| 1947-1970 .....                | Macassa Gold Mines                 | 3,686,000          | 0.2300                | 92.0                       | 779,958                     |
| 1975-1976 .....                | Rengold Mines & Resources Ltd. (1) | —                  | —                     | —                          | —                           |
| 1982 to Sept. 30, 1983 .....   | Sungate Resources Ltd.             | 295,270            | 0.1603                | 87.8                       | 41,913                      |
| 6 Months to March 31, 1984 ... | Campbell Resources Inc.            | 81,938             | 0.1496                | 92.9                       | 11,379                      |
| <b>TOTAL.....</b>              |                                    | <u>4,063,208</u>   |                       |                            | <u>833,250</u>              |

(1) Statistics not available.

### ***Ore Reserves***

Robert C. Hart, P. Eng. of Toronto has prepared an ore reserve report for Renabie as at July 31, 1983. Based on that report, as of that date the Renabie Mine had proven reserves of 276,900 tons of ore with an average grade of 0.172 ounces of gold per ton and probable and drill indicated reserves of 1,214,820 tons of ore with an average grade of 0.198 ounces of gold per ton. Production to March 31, 1984 has reduced these proven reserves to 195,000 tons of proven and increased the probable ore reserves to 1,215,000 tons.

### ***Physical Plant***

The mine plant and equipment consist of hoisting facilities, head frame, crusher house, mill, plant, assay office, refinery, mine dry, machine shop and office-warehouse.

### ***Management of the Mine***

Renabie has entered into a mine management agreement (the "Mine Management Agreement") with Campbell, Cullaton and Barrick. Under the Mine Management Agreement, Campbell has agreed to manage the mine and facilities from October 13, 1983 until December 31, 1988 unless the agreement is terminated for cause. Thereafter, unless either party gives six months' prior notice, the Mine Management Agreement will be automatically renewed for successive one-year periods. Under the Mine Management Agreement, each of Cullaton and Barrick has granted to Campbell, as Manager, the option, exercisable until January 1, 1989, to purchase 10% of its interest in Renabie for an aggregate consideration of \$2.32 million.

### ***Campbell Expansion Plan***

Upon assuming the management and operation of the Renabie Mine, Campbell began preliminary work to implement its plan to increase the production capacity of Renabie to about 60,000 ounces of gold per year. The increased production is expected to be achieved gradually over approximately 24 months and involves the expansion of the mine and treatment plant capacity and the design of increased production from the mine and treatment plant, both during and following this expansion plan. Under the Campbell Expansion Plan, mill capacity will be increased to not less than 850 tons per day, a program for the development of an additional 1,600,000 tons of proven and probable ore reserves will be undertaken and adjacent mineralized zones forming part of the Renabie Mine will be explored.

The capital expenditures required to accomplish the Campbell Expansion Plan are estimated at approximately \$18.5 million which has been allocated over a two-year period. Subsequent to completion of the Campbell Expansion Plan, significant ongoing capital expenditures are intended including housing costs, plant and equipment replacement and further underground drilling and development.

The Campbell Expansion Plan is to be financed as to approximately \$15 million plus accrued interest from time to time from the net proceeds of the offering of units of The Barrick-Cullaton Gold Trust referred to below. The balance is to be financed from bank indebtedness and internal cash flow. Ongoing capital costs are financed by bank borrowings and cash flow as available from time to time. Under the Gold Acquisition Agreement referred to under "The Barrick-Cullaton Gold Trust" below, cash flow distributions to shareholders of Renabie (including Barrick) are restricted in an effort to ensure that adequate cash flow is retained in Renabie to finance ongoing capital plant replacement and ore reserve development. Barrick and Cullaton, the current shareholders of Renabie, intend to cause Renabie to distribute from time to time the maximum amount of cash flow permitted under these restrictions.

### ***The Barrick-Cullaton Gold Trust***

On February 13, 1984 a public offering of Gold Production Units of The Barrick-Cullaton Gold Trust (the "Trust") was successfully completed. The Trust is a closed-end investment trust settled by Barrick, Renabie and Cullaton with Guardian Trust Company (the "Trustee") acting as the trustee. The net proceeds of the offering (approximately \$15 million) were used by the Trust to acquire from Renabie, pursuant to an agreement (the "Gold Acquisition Agreement") dated January 25, 1984 between the Trust and Renabie, a variable percentage of the gold produced by the Renabie Mine over time. These net proceeds were paid to Renabie by the Trustee on closing but are held on deposit with a Canadian chartered bank to be released by the Trustee to Renabie from time to time against evidence that the funds have been applied in accordance with the Campbell Expansion Plan. Renabie's obligations to the Trust are secured by a debenture providing a fixed charge on the Renabie Mine and a floating charge on Renabie's other property and by a pledge of the debenture and a collateral security agreement.

Under the Gold Acquisition Agreement, the amount of gold to which the Trust is entitled and the rate of delivery are dependent upon production from the Renabie Mine and the price of gold from time to time. Subject to limitation or adjustment in certain circumstances, the percentage of mine production to which the Trust is entitled is 3% if the price of gold is below U.S. \$400 per ounce, 4% if the price is U.S. \$400 per ounce and increases 1/10 of one percentage point for each U.S. \$10 increase in the price of gold above U.S. \$400 per ounce to a maximum of 10% at or above U.S. \$1,000 per ounce. Notwithstanding this formula, the Trust is entitled to a minimum of 1,350 ounces of gold for the period ending June 30, 1984 and for each six-month period thereafter ending December 31, 1984, June 30, 1985 and December 31, 1985. Holders of record of Gold Production Units on April 30, 1984 received one Gold Value Warrant issued by Renabie for each 10 Gold Production Units held. Each Gold Value Warrant entitles the holder, on any one of eleven specified dates in the period commencing June 13, 1984 and ending on December 10, 1986, to elect to receive from Renabie an amount in Canadian dollars referable to the amount by which the current market value of gold (as defined) exceeds a variable exercise price.

### ***Valdez Creek, Alaska***

Barrick has a 23% equity participation in a joint venture which completed a comprehensive exploration program in 1983 to prove an open pit gold prospect at Valdez Creek, Alaska. Barrick's co-venturers include the operator, Sullivan Mines Inc., (15%), Camindex Mines Ltd. (33%) and Talcorp Inc. (23%).

On the basis of a feasibility study which was completed in December 1983 by Sullivan Mines Inc., it was decided that the Valdez Creek deposit be brought into production during 1984 using open-pit mining methods. Sullivan Mines Inc. has estimated proven reserves to be 376,964 cubic yards with a grade of 0.142 ounces of gold per cubic yard and probable reserves to be 135,955 cubic yards with a grade of 0.153 ounces of gold per cubic yard. Sullivan Mines Inc. has also estimated, based upon the feasibility study and exploration work carried out in 1983, the recoverable ounces of gold to be 74,282 with operating costs estimated at U.S. \$135 per ounce. The capital investment required over the period is estimated to be U.S. \$7.15 million with Barrick's contribution being approximately U.S. \$1.65 million. To date Barrick has invested \$1.2 million in the venture.

Production is forecast at 28,000 ounces for 1984 at a cost of U.S. \$113 per ounce. The projected cash flow, net of capital and operating costs, is forecast to be positive by October 1984 and U.S. \$2.1 million by year end.



With payout achieved in the first year of project operation, future operations are expected to generate significant additions to Barrick's cash flow.

An exploration drilling program to prove additional reserves is also planned during the 1984 season. Expansion to a year round program will depend on reserves defined and expansion feasibility studies.

### Juneau, Alaska

In March 1984 Barrick entered into mining leases with the City of Juneau and the Alaska Electric Light and Power Company, collectively, which give Barrick the right to explore, develop and produce gold and other ores on 29 patented mining claims known as the "Alaska Juneau" and "Treadwell" properties.

Under the terms of the leases Barrick is committed to rental payments and minimum exploration expenditures totalling U.S. \$550,000 per year, increasing to U.S. \$1,200,000 by 1993 unless commercial ore production commences. The Alaska Juneau leases are subject to a 2% royalty in favour of the lessors increasing to 3.5% after 3½ years of commercial ore production and the Treadwell leases are subject to 3% royalties, increasing to 5% after 3½ years of commercial production. Barrick has the right to terminate the leases at any time without cause. The leases expire on December 31, 1999 or when commercial production on the leases ceases.

The Treadwell and Alaska Juneau properties were two of the largest underground gold mines in the world in their time and, combined with the Gastineau Mine, produced over 7 million ounces of gold during their operating lives. The Treadwell mine ceased operations in 1914 because of a cave-in that caused flooding of the existing workings with sea water. The Alaska Juneau mine continued operating until high costs and labour shortages caused by World War II forced closure in 1944.

The 1984/85 program for the properties will concentrate on detailed mapping and data evaluation. Revitalization of the mines will be dependent upon significant capital investment, the utilization of contemporary mining technology and improved gold prices.

### Petroleum and Natural Gas Interests

#### Reserves and Future Net Cash Flow

The following table summarizes Barrick's estimated net share of reserves and interests in future net cash flow from its principal oil and gas assets, South East Fandango and Badwater, as of January 1, 1984 based on reports prepared by Lawson Engineering Incorporated, Oklahoma City, Oklahoma (Fandango) and Ryder Scott Company, Denver, Colorado (Badwater).

| Denver, Colorado (Badwater). |                                   | Future net cash flow (2) |                  |                  |
|------------------------------|-----------------------------------|--------------------------|------------------|------------------|
|                              | Net gas<br>reserves (1)<br>(mmcf) | Undiscounted             | Discounted at    |                  |
|                              |                                   |                          | 10%              | 15%              |
|                              |                                   | (thousands of dollars)   |                  |                  |
| Proved (3)                   |                                   |                          |                  |                  |
| — Fandango.....              | 12,861                            | \$ 67,662                | \$ 38,600        | \$ 30,569        |
| — Badwater.....              | 2,185                             | 8,126                    | 4,754            | 3,758            |
|                              | <u>15,046</u>                     | <u>75,788</u>            | <u>43,354</u>    | <u>34,327</u>    |
| Probable (4)                 |                                   |                          |                  |                  |
| — Fandango.....              | 12,847                            | 66,038                   | 30,250           | 21,554           |
| — Badwater.....              | 6,504                             | 38,441                   | 18,905           | 14,014           |
|                              | <u>19,351</u>                     | <u>104,479</u>           | <u>49,155</u>    | <u>35,568</u>    |
|                              | <u>34,397</u>                     | <u>\$180,267</u>         | <u>\$ 92,509</u> | <u>\$ 69,895</u> |

#### Notes:

- (1) Net gas reserves are defined as the total and royalty interest share of recoverable reserves owned by Barrick.
- (2) Future net cash flow is defined as the anticipated revenue to be derived by Barrick from the sale of natural gas reserves, less its share of anticipated future operating costs and capital expenditures, but before state and federal income taxes. State production and ad valorem taxes have been deducted.
- (3) Proved reserves are defined as those quantities of natural gas or natural gas liquids that geological and engineering data demonstrate with reasonable certainty to be recoverable in the future from known reservoirs under existing economic conditions.
- (4) Probable reserves are defined as estimates of quantities of natural gas or natural gas liquids which may exist but which have not been proven by production. These reserves are expected to be proven by additional drilling and/or testing.

## Basic Engineering Evaluation Assumptions

### 1. Gas Prices

Pricing reflects Barrick's current estimates of future prices. A current price of U.S. \$3.30/mcf (net of state production tax) escalated at 6% annually to a maximum price of U.S. \$6.30/mcf was used for the South East Fandango prospect. A current price of U.S. \$3.90/mcf (net of state production tax) escalated at 7% annually to a maximum price of U.S. \$6.60/mcf was used for the Badwater prospect.

### 2. Cost Escalations

Estimated operating and development costs were escalated at between 6% and 7% per year until the maximum price was reached under the gas pricing assumption, and held constant thereafter.

It should not be assumed that the estimated values of future net cash flow represent the fair market value of the reserves.

## Gross and Net Working Interest Acres

The following table summarizes the working interests of Barrick in land holdings as at March 31, 1984:

| <u>Property name and location</u>      | <u>Gross acres</u> | <u>Barrick<br/>net working<br/>interest (%)</u> | <u>Net acres</u> |
|--|--------------------|---|------------------|
| <b>International properties</b>        |                    |   |                  |
| Mediterranean                          |                    |   |                  |
| Turkey, Black Sea area .....           | 8,000,000          | 24.5  | 1,960,000        |
| Pacific Basin                          |                    |   |                  |
| Australia, Canning Basin .....         | 3,300,528          | 7.0   | 231,037          |
| Australia, Perth Basin .....           | 130,000            | 12.8  | 16,640           |
| New Zealand, Taranaki Basin .....      | 593,000            | 3.7   | 21,941           |
|  | <u>12,023,528</u>  |   | <u>2,229,618</u> |
| <b>United States properties</b>        |                    |   |                  |
| Texas                                  |                    |   |                  |
| Midland Basin .....                    | 5,700              | 50.0  | 2,850            |
| Yeager .....                           | 5,750              | 8.6   | 495              |
| South Kurten .....                     | 3,200              | 17.5  | 560              |
| Luke Bryan .....                       | 1,623              | 11.5  | 187              |
| Montana                                |                    |   |                  |
| Western Overthrust .....               | 55,500             | 50.0  | 27,750           |
| Western Overthrust joint venture ..... | 18,000             | 20.0  | 3,600            |
| Arkansas                               |                    |   |                  |
| Mississippi Embayment .....            | 112,000            | 95.0  | 106,400          |
| Oregon                                 |                    |   |                  |
| Umatilla Basin .....                   | 200,000            | 100.0   | 200,000          |
|  | <u>401,773</u>     |   | <u>341,842</u>   |
|  | <u>12,425,301</u>  |   | <u>2,571,460</u> |

## Principal Petroleum and Natural Gas Properties

### South East Fandango, Texas

Barrick acquired 10,231 acres on the deep Wilcox trend in South-East Fandango, Texas in 1980 at a cost of U.S. \$2.7 million. The prospect was farmed out to a drilling group, with Barrick recovering its investment and retaining a 12.5% carried working interest through the drilling and completion of three 15,000 foot test wells.

The first test well, the Trevino No. 1-A, was completed in August 1983 as a major natural gas discovery. During initial tests, the well flowed at a stabilized rate of 9.6 mmcf of gas per day through a 14/64-inch choke, with flowing tubing pressure of 9,225 psi and a shut-in pressure of 10,462 psi. The well is located in Jim Hogg County, Texas, approximately seven miles south-east of Shell Oil Company's producing Fandango Field.

Multiple Wilcox sands were encountered and after extensive production testing the Trevino No. 1-A recorded an absolute open flow potential of 58 mmcf of gas per day. The test was from a Wilcox sandstone of 40 feet in thickness, perforated in the interval 13,952 - 13,972 feet.

Gas sales from the Trevino discovery began in September 1983 through temporary facilities under a 12-month contract at U.S. \$3.50 per mcf. A long-term contract with appropriate price escalation is under negotiation.

The second deep well, Laura Lopez Trevino No. 3, was drilling in May 1984 and is presently below 12,000 feet. The well is one mile offset to the north-east of the discovery well and is projected to be completed at 15,000 feet.

### ***Yeager Prospect, Texas***

In March 1984 Barrick obtained an option on 5,750 net acres located in Jim Hogg County, Texas within 25 miles of the South East Fandango field and within 7 miles of the Thompsonville Field which has produced in excess of 600 bcf of gas and is currently producing between 20 and 30 mmcf/day.

Within the option period, Barrick was able to assemble five industry partners to pay an aggregate of U.S. \$2.7 million for the leases under option and to commit an aggregate of U.S. \$7.5 million to drill a 16,000 foot well in September 1984 to test the upper Fandango sands. Barrick retains an 8.6% carried working interest after the partners recover all of their costs.

### ***Madden-Badwater Field, Wind River Basin, Wyoming***

Barrick owns 1,412 net acres on the Madden-Badwater structure, which is one of the larger Laramide structures in the Rocky Mountains. The area offsets the Madden Deep Unit, which comprises 77,000 acres. This unit has produced in excess of 155 bcf of gas to June 1981 in five horizons from the Fort Union Formation (6,000 feet) through Cody Formations (21,000 feet).

The Badwater prospect is located updip from the Monsanto Victor No.1-14 well, located approximately 800 feet from Barrick's lease boundary. This well had numerous gas shows while drilling through the Fort Union Formation (8,000 feet), the Lance Formation (15,700 feet) and the Cody Formation (20,600 feet). The Lance Formation recovered gas-to-surface at a rate of 2.4 mmcf/day while the drill-stem test of the Upper Meteetse Formation recovered gas at a rate of 2.6 mmcf/day. This well was subsequently completed for small producing rates in the deep Cody Formation but has not been recompleted for sustained production due to unit priorities and shallow rights ownership disputes.

Barrick drilled and completed the Leonard No. 1-24 well in late 1983, which was perforated in the interval 14,628 — 14,688 feet and tested at a rate of 3.9 mmcf/day without stimulation. Numerous productive sands were encountered in the Lance and Fort Union sections. The well was drilled and completed for U.S. \$2.9 million which is approximately half the cost of previous wells drilled in the area.

Barrick has a 33.1% net working interest in the prospect with Apex Oil Company and Forwest Inc. as its partners. Three more wells will be drilled during 1984 on the 1,411 acre prospect. Because of multiple pay sands in both the Fort Union and Lance formations, plus unexplored deeper potentials, considerable development will be required.

A gas contract has been negotiated with Northwest Pipeline Company to take a minimum of 2 mmcf/day for the first 18 months and 50% of deliverability thereafter from this and other wells.

### ***Montana Overthrust, Montana***

In 1983 Barrick acquired 55,500 net acres from Tarex Inc. of Houston, Texas in the Montana Overthrust area. The leases were selected from a large existing holding and include structures delineated from seismic information. A number of the structures which have been identified are massive in size. As an example, the Star Meadow prospect has 4,000 feet of vertical closure in a potential Paleozoic formation, the same horizon that is a prolific oil and gas reservoir in the adjacent foothills of south western Alberta, Canada.

Portions of the acreage are in close proximity to two Paleozoic tests drilling or expected to commence drilling in 1984. Arco/Marathon are drilling in the No.1 Gibbs test 35 miles west of Kalispell, Montana and have experienced hydrocarbon shows. Companies active in this new exploration play include Conquest, Mesa Petroleum, Arco, Marathon, Mobil, Texaco, Phillips, Union of California and Louisiana Land.

In April 1984 Barrick sold 50% of its interest in these leases to Apex Oil Company for U.S. \$685,000.

Barrick has mapped a large number of anomalies and has formed a U.S. \$4.0 million joint venture lease acquisition program. To date U.S. \$3.4 million has been subscribed for and Barrick anticipates completing the subscriptions in the near future. Barrick retains a 20% working interest in the leases and is entitled to a recovery of its overheads during the lease acquisition program equal to 6.25% of lease acquisition expenditures. Barrick has offered its own leases to the program at U.S. \$45.00 per acre.

Once the lease acquisition program is complete, a detailed study will be undertaken to identify drilling prospects.

### ***Middle East — Turkey***

Barrick has entered into an agreement providing for an exploration program with Turkiye Petrolleri A.O. ("TPAO"), the national oil company of Turkey, for onshore and offshore exploration and development of hydrocarbon resources in that country. The initial area of interest encompasses 8,000,000 acres, both onshore and offshore the Black Sea.

Under its agreement with TPAO, Barrick has organized an exploration program to carry out regional studies in prospective areas. Upon evaluation Barrick will identify areas which will be subject to a joint operating agreement. Barrick is responsible for 100% of all exploration costs except that, with respect to areas which are subsequently developed under a joint operation agreement, Barrick is responsible for 49% of the costs with TPAO being responsible for 51% of the costs. Barrick will be entitled to receive 49% of the production revenue with respect to its 49% working interest. Barrick will be repaid its exploration expenditures in respect of an area subject to an operating agreement out of 60% of revenue allocable to TPAO's 51% working interest until Barrick recovers its costs.

Barrick entered into an agreement with the Triad Group of Saudi Arabia (controlled by the Khashoggi family), whereby Triad received a 50% working interest in Barrick's Turkish interests for assuming 50% of the expenditures up to a maximum of U.S. \$1,300,000. Phase one of the exploratory program consisting largely of reprocessing and reinterpreting existing seismic and well data is now in its final stages and by September 1984 a total of U.S. \$2 million will have been expended.

Upon phase one studies being evaluated, specific prospect areas will be identified for a joint exploration program with TPAO. Depending on the evaluations made from the initial exploratory program, Barrick and Triad may elect to farm out the work commitments to a major oil and gas company participating in the area, while retaining carried interests.

### ***Australia***

Barrick has a 7% carried working interest in Exploration Permit EP 114, situated in the Canning Basin of Western Australia. The block covered by the permit comprises 3,300,528 acres running from the coast at Broome some 200 kilometres to the east. The block is immediately adjacent to EP 129 where the Blina discovery was made in 1981 by Home Oil, Ocelot and Occidental Petroleum.

Barrick was carried for U.S. \$10.5 million spent on exploration by Gulf Oil to determine drilling locations. The Cow Bore No. 1 well, drilled in 1983, was dry and has been abandoned. Drilling was completed on the Crab Creek No. 1 well in April of 1984 which also resulted in a dry hole. In May 1984, the Hedonia No. 1 test well was spudded. This well is presently being drilled to a target depth of 5,500 feet.

Barrick has a 12.8% interest on a 130,000 acres offshore prospect in the Perth Basin. A seismic program on the area was completed in 1983 and a drilling target has been defined. Farmout negotiations should result in a 1984 drilling commitment.

### ***New Zealand***

Barrick owns an interest in a 593,000 acre block offshore New Zealand in the Taranaki Basin. The acreage in which Barrick has an interest is immediately south of the Maui gas field which reportedly has recoverable reserves of 5.2 trillion cubic feet of gas and 180 million barrels of condensate.

An initial offshore test well, the Moki No. 1, was completed in December 1983; however, the oil reserves are not considered commercial at this time. Further seismic studies have been undertaken to determine the site of a second well to be drilled in 1984.

## **Other Operations**

### **Centre Base Data Systems Inc.**

Barrick has a 65% equity interest in Centre Base Data Systems Inc. ("Centre Base") which owns a data base management system including an oil and gas exploration software package. Centre Base is also indebted to Barrick in the amount of approximately U.S. \$1.5 million.

Centre Base has engaged an investment banker to sell the data base management system, the current asking price being U.S. \$3 million.

### **Managements' Discussion of Financial Results**

During the period from October 1980 to March 1984 Barrick's primary objectives were the raising of capital and the acquisition of a balanced asset base of gold and oil and gas properties. Barrick has completed its exploration and development stage and presently holds interests in producing oil and gas properties and interests in gold producing properties. The results from October 1980 reflect exploration costs written off and general and administrative costs together with gold production revenues and operating costs from the 50% interest in the Renabie Mine which was acquired in October 1983. Revenues and costs associated with several of the Barrick's other interests, including the Valdez Creek gold operation and Fandango and Badwater gas discoveries, will be reflected in the results for the balance of 1984 and 1985 as these properties are developed to production.

#### **1984 Compared to 1983 — First Quarter**

Barrick's loss for the three months ended March 31, 1984 was \$720,000 or \$0.01 per share compared with a loss of \$289,000 or \$0.01 per share for the comparable period in 1983. Revenues and expenses increased substantially in 1984 due to the inclusion of Barrick's 50% interest in the operations of the Renabie Mine. These operations accounted for \$274,000 of the 1984 loss.

Working capital decreased by \$632,000 during the three months ended March 31, 1984 compared with a decrease of \$2,108,000 during the corresponding 1983 period. In 1984 working capital was generated by the reclassification of shares in Cullaton, previously held to meet the exchange rights of holders of Second Preferred Shares, to marketable securities and an increase in Renabie's long-term debt. Expenditures on fixed assets were comparable at approximately \$2 million for each period.

#### **1983 Compared to 1982**

Barrick's assets increased by \$27,721,000 in 1983 to \$52,540,000. This increase resulted from the acquisition of gold properties of \$14,143,000, net expenditures on oil and gas properties of \$4,160,000, and increases in current and other assets of \$7,014,000 and \$2,404,000, respectively. The increase in assets was financed by the issue of capital stock of \$30,294,000 being \$15,657,000 in connection with the acquisitions of Sungate Resources Ltd., Consolidated Summit Mines Limited and PetroInc Resources Ltd., \$13,722,000 for cash and \$915,000 for debt and oil and gas leases.

Working capital increased by \$5,620,000 in 1983. Working capital was provided by the issue of capital stock referred to above, the sale of oil and gas interests for \$3,998,000 and an increase in long-term debt of \$500,000. Working capital was used in the acquisition of gold interests of \$14,820,000, oil and gas expenditures of \$10,407,00, other assets of \$2,761,000, \$1,070,000 used in operations and \$114,000 in raising capital.

The loss for the year amounted to \$4,421,000 including exploration costs written off of \$2,607,000 relating to the Tunisian oil and gas venture. Operations in 1983 include Barrick's share of the results of the Renabie Mine for the fourth quarter of 1983 and all gold revenues and costs of production relate to this activity. No profit or loss has been recognized on the sale of oil and gas interests, the proceeds from such sales being deducted from the capitalized costs of oil and gas properties.

#### **1982 Compared to 1980/81**

Barrick's loss for the year ended December 31, 1981 was \$1,186,000 or \$0.05 per share and included a \$804,000 write-off of exploration costs. Interest income was substantially higher in 1981 due to the level of cash and short-term investments.

Working capital increased by \$4,622,000 during the period from incorporation, October 10, 1980 to December 31, 1981. During this period Barrick completed its initial capitalization program in which it raised \$18.4 million from founding shareholders for the purpose of acquiring oil and gas properties.

### **Principal Shareholders**

Horsham Securities Limited ("Horsham") is the only person who, to the knowledge of Barrick, beneficially owns, directly or indirectly, or exercises control or direction over, voting securities of Barrick carrying in excess of 10% of all voting rights attached to securities of Barrick, with its present shareholding being 22,613,335 common shares or approximately 38.9% of the issued and outstanding shares.

Horsham has granted options on 1,041,147 of its common shares of Barrick to third parties at prices of \$1.12 (in respect of options granted prior to May 1983) and \$1.90 (in respect of an option granted in October 1983) per share.

The directors and officers of Barrick, as a group, beneficially own, directly or indirectly, 30,762,610 or approximately 53% of the outstanding common shares of Barrick.

A brief description of Horsham and certain of the other significant beneficial shareholders of Barrick is set forth below.

#### ***Horsham Securities Limited***

Horsham is a private Ontario investment company, incorporated in July 1980. The shareholders are Peter Munk (who owns 99.02% of the voting shares and 51% of the total equity), Triad International Corporation and Elk International Corporation (neither of which owns any voting shares but which own 49% of the equity in the form of convertible redeemable special shares). These latter two corporations are controlled by the Khashoggi family of Saudi Arabia. David H. Gilmour and C.W.D. Birchall have options to acquire 44.44% and 11.11% of the shares owned by Peter Munk in Horsham, respectively. Pursuant to the Foreign Investment Review Act the exercise of these options is subject to the approval of the Governor in Council.

#### ***Guardian Capital Investment Counsel Limited***

Guardian Capital Investment Counsel Limited is a wholly-owned subsidiary of Guardian Capital Group Limited, a Canadian public company which, through its subsidiaries, manages pension funds, mutual funds, private and other accounts. Norman Short is Chairman of Guardian Capital Investment Counsel Limited and President of Guardian Capital Group Limited.

#### ***Roy-L Resources Limited***

Roy-L Resources Limited is a private Canadian corporation which is a 52% owned subsidiary of Roy-L Capital Inc., a company which is wholly-owned by J.L. Rotman. Roy-L Resources Limited participates in the exploration and development of oil and gas reserves and makes long term equity investments in oil and gas exploration companies. Included in these is a substantial equity investment in Geocrude Resources Ltd. which is a publicly traded Canadian oil and gas company.

#### ***Gary J. Last***

Gary J. Last is President and Chief Executive Officer of Barrick and was formerly Chief Executive Officer of two Canadian exploration and production companies. Prior to that he was founding partner of a Canadian petroleum engineering firm based in Calgary, Alberta.

#### ***Apex Oil Company***

Apex is one of the largest independent refining and crude oil trading companies in the United States. Apex is controlled by P.A. Novelly.

#### ***Prince Nawaf bin Abdul Aziz***

Prince Nawaf is a prominent member of the ruling family of Saudi Arabia and an international investor.

## Management

### Directors and Officers

The names and municipalities of residence of the directors and officers of Barrick, the offices in Barrick presently held by them and their principal occupations during the past five years are as follows:

| <u>Name and municipality of residence</u>      | <u>Office</u>                                      | <u>Principal occupation</u>  |
|--|--|--|
| HOWARD L. BECK, Q.C.....<br>Toronto, Ontario   | Director   | Partner, Davies, Ward & Beck<br>(barristers & solicitors)  |
| C. WILLIAM D. BIRCHALL.....<br>Nassau, Bahamas | Director   | Director, Barrick Investments Limited  |
| DAVID H. GILMOUR.....<br>Nassau, Bahamas       | Chairman and Director                              | Vice Chairman, Barrick Investments Limited   |
| ESSAM KHASHOGGI.....<br>London, England        | Director   | Chairman and Chief Executive Officer, Triad International Corporation  |
| GARY J. LAST.....<br>Toronto, Ontario          | President and Chief Executive Officer and Director | President, Barrick; prior to May 1983, President, Barrick Petroleum; prior to November 1982, Chairman, Clarion Petroleums Ltd.   |
| PETER MUNK.....<br>Toronto, Ontario            | Director   | Chairman, Barrick Investments Limited  |
| P. ANTHONY NOVELLY.....<br>St. Louis, Missouri | Director   | President and Chief Executive Officer, Apex Oil Company  |
| JOSEPH L. ROTMAN.....<br>Toronto, Ontario      | Director   | President, Roy-L Resources Limited, Chairman and Director, Geocrude Energy Inc.  |
| NORMAN J. SHORT.....<br>Toronto, Ontario       | Director   | President and Director, Guardian Capital Group Limited   |
| ROGER JARVIS.....<br>Denver, Colorado          | President of Barrick Exploration Company           | President of Barrick Exploration Company; prior to August 1981, principal, Lawson Engineering Incorporated (geological consulting)   |
| STEPHEN R. DATTELS.....<br>Toronto, Ontario    | Executive Vice-President                           | Executive Vice-President, Barrick; prior to August 1983, Vice President, Barrick; prior to May 1983, Vice President, Barrick Petroleum; prior to February 1982, Vice-President and General Counsel, Venturetek International Limited |
| JEREMY GARBUTT.....<br>Toronto, Ontario        | Vice-President, Finance                            | Vice-President Barrick; prior to May 1983, Vice-President, Barrick Petroleum; prior to October 1980, Group Financial Controller, Barrick Group   |
| GREGORY WILKINS.....<br>Toronto, Ontario       | Secretary and Controller                           | Secretary and Controller, Barrick; prior to May 1983, Controller, Barrick Petroleum; prior to July 1981, chartered accountant, Peat Marwick, Mitchell & Co.  |

## Remuneration of Directors and Officers

The following table sets out the remuneration paid by Barrick (indirectly through a company controlled by a director of Barrick) and its subsidiaries to the directors and officers of Barrick for Barrick's last completed financial year:

|  | Nature of Remuneration                             |                          |       |
|--|--|--------------------------|-------|
|  | From Office, employment and employer contributions | Cost of pension benefits | Other |
| Directors (total 9)                                  |  |                          |       |
| (a) from Barrick and wholly-owned subsidiaries ..... | —  | —                        | —     |
| (b) from partially-owned subsidiaries .....          | —  | —                        | —     |
| Senior officers (total 4)                            |  |                          |       |
| (a) from Barrick and wholly-owned subsidiaries ..... | \$469,000  | —                        | —     |
| (b) from partially-owned subsidiaries .....          | —  | —                        | —     |

## Stock Options

The directors of Barrick have granted stock options for an aggregate of 802,250 common shares of Barrick, details of which are set forth in the table below.

| Optionee                              | Date of grant     | Number of common shares | Exercise price | Expiry date            |
|---------------------------------------|-------------------|-------------------------|----------------|------------------------|
| Former directors of PetroInc .....    | Apr. 16, 1981     | 25,000                  | \$2.00         | Mar. 12, 1986          |
|                                       | Apr. 16, 1981     | 12,500                  | \$3.20         | Mar. 12, 1986          |
|                                       | May 4, 1982       | 18,750                  | \$3.00         | Apr. 30, 1985          |
| Officer of subsidiary .....           | Aug. 16, 1983 (1) | 246,000                 | \$1.12         | 82,000 – Dec. 31, 1984 |
|                                       |                   |                         |                | 82,000 – Dec. 31, 1985 |
|                                       |                   |                         |                | 82,000 – Dec. 31, 1986 |
| Director and officer of Barrick ..... | Jan. 25, 1984 (2) | 500,000                 | \$1.80         | Dec. 31, 1987          |

Note:

(1) This option was granted in exchange for an option granted by Barrick Petroleum on January 5, 1982.

(2) Not exercisable until after December 31, 1986.

## Indebtedness of Directors and Officers

Stephen R. Dattels, an officer of Barrick, Jeremy Garbutt, an officer of Barrick, and A. Anthony McLellan, Houston, Texas, a director of Barrick Petroleum, are indebted to Barrick in the amounts of \$183,333, \$178,750 and \$275,000, respectively. These loans do not bear interest and were made to assist such persons in purchasing shares of Barrick and the loans have recourse only against the shares so purchased being 245,556 shares, 159,612 shares and 245,556 shares, respectively. The loans were made in April 1983 in the initial amounts of \$275,000, \$178,750 and \$275,000, respectively, and are payable in April 1986. In January 1984, Stephen R. Dattels repaid \$91,667 on account of the principal of his loan.

## Interest of Management and Others in Material Transactions and Matters to be Acted Upon

The following are the only material interests which any director, officer or principal shareholder of Barrick or any associate or affiliate of any of them has in any transaction of Barrick since the beginning of Barrick's last completed financial year or any proposed transaction that has materially affected or will materially affect Barrick or any of its affiliates:

- (a) Apex Oil Company is controlled by P.A. Novelly, a director of Barrick. The Triad Group is controlled by E. Khashoggi, a director of Barrick, and members of his family. Apex and the Triad Group participate in various oil and gas properties in which Barrick has an interest as referred to under "Oil and Gas Operations". In addition, from time to time interests in such properties have been sold by Barrick to, or purchased by Barrick from, such persons or their associates and affiliates. In the opinion of Barrick, all of such participations and transactions have been on arms' length terms.
- (b) M. Carlisle and J.R. Dean, Denver, Colorado, officers of a subsidiary of Barrick, are entitled to receive as an incentive for prospects generated by them for Barrick, an overriding royalty interest equivalent to 2/3 of 1% and 1/3 of 1%, respectively, of future revenues from production.



- (c) Messrs. E. Khashoggi, P. Munk, D.H. Gilmour and C.W.D. Birchall, directors of Barrick, have significant shareholdings in Barrick Investments Limited. A wholly-owned subsidiary of Barrick Investments Limited, Southern Pacific Properties (Bahamas) Limited, purchased, pursuant to a subscription agreement dated December 16, 1983, 1,300,000 common shares of Barrick at \$1.95 per share for an aggregate of \$2,535,000 by way of private placement. Barrick Investments Limited has also subscribed, on a standby basis, for common shares of Barrick to be issued on the proposed private placement referred to under "Private Placement of Barrick Common Shares".
- (d) A subsidiary of Barrick Investments Limited, Barrick Energy Inc., has loaned U.S. \$2.5 million to Barrick. The loan is repayable in April 1985 with interest at a rate per annum equal to the U.S. bank prime plus 1%.

### Description of Share Capital

The authorized capital of Barrick consists of an unlimited number of common shares without nominal or par value ("common shares"); an unlimited number of first preferred shares without nominal or par value, issuable in series, the first such series consisting of 10,000,000 shares designated as \$0.114 Non-cumulative Redeemable Convertible First Preferred Shares, Series A ("First Preferred Shares, Series A"); and an unlimited number of second preferred shares without nominal or par value, issuable in series, the first such series consisting of 15,000,000 shares designated as \$0.222 Non-cumulative Redeemable Convertible Exchangeable Second Preferred Shares, Series A ("Second Preferred Shares, Series A"). As at May 31, 1984, 58,157,221 common shares, 255,887 First Preferred Shares, Series A and 302,308 Second Preferred Shares, Series A were issued and outstanding.

The attributes of the First and Second Preferred Shares, Series A in the capital of Barrick are substantially the same as those of the First and Second Preferred Shares, Series A in the capital of Amalco which are described in Schedules I and II, respectively, to the Amalgamation Agreement which itself is a schedule to this Information Booklet.

### Dividend Record

Barrick and its predecessor corporations have not paid any dividends on their respective shares.

### Price Range and Trading Volume of Barrick Common Shares

The common shares of Barrick were listed and posted for trading on the Toronto and Montreal stock exchanges on May 2, 1983. The common shares of Barrick are also traded on the London, England unlisted securities market pursuant to Rule 163(4)(a) of the London Stock Exchange. The following table sets out the high and low closing sale prices of and volumes of trading in the common shares of Barrick on The Toronto Stock Exchange (the principal trading market) for the periods indicated:

| <u>Period</u>         | <u>High</u> | <u>Low</u> | <u>Volume</u> |
|-----------------------|-------------|------------|---------------|
| 1983 — May 2-31 ..... | \$2.04      | \$1.77     | 1,758,157     |
| June .....            | 1.94        | 1.45       | 820,898       |
| July .....            | 1.93        | 1.55       | 1,215,300     |
| August .....          | 2.10        | 1.76       | 1,658,750     |
| September .....       | 2.17        | 1.85       | 2,193,154     |
| October .....         | 2.06        | 1.91       | 651,259       |
| November .....        | 2.00        | 1.80       | 981,150       |
| December .....        | 2.07        | 1.80       | 1,041,739     |
| 1984 — January .....  | 1.99        | 1.75       | 735,764       |
| February .....        | 1.91        | 1.75       | 441,856       |
| March .....           | 1.88        | 1.80       | 517,103       |
| April .....           | 1.88        | 1.78       | 675,841       |
| May .....             | 1.90        | 1.72       | 2,116,233     |
| June 1-14 .....       | 1.86        | 1.80       | 620,196       |

On May 11, 1984, the last trading day prior to the announcement of the proposed Amalgamation of Barrick, Camflo and Bob-Clare and related transactions, the last board lot sale price of common shares of Barrick on The Toronto Stock Exchange was \$1.85 per share.

### **Prior Sales of Barrick Common Shares**

The following sets out certain information regarding sales from treasury of common shares of Barrick during the 12 months prior to the date hereof. Pursuant to a subscription agreement dated December 16, 1983, Barrick sold 1,300,000 common shares to Southern Pacific Properties (Bahamas) Limited at \$1.95 per share for aggregate proceeds of \$2,535,000. Barrick has entered into agreements to sell 14,285,714 common shares at \$2.10 per share to various purchasers and existing shareholders for aggregate proceeds of \$30,000,000. The latter common shares are to be issued immediately prior to the Amalgamation.

### **Legal Proceedings**

Barrick commenced legal action against Occidental Petroleum Corporation to recover its investment and damages in connection with an oil and gas exploration program carried out by Occidental in Tunisia. In defending the action, Occidental initiated a counterclaim for recovery from Barrick of approximately U.S. \$1.3 million, representing cash calls unpaid by Barrick from March 1983 to July 1983. Barrick and Occidental have entered into a settlement agreement with respect to these proceedings providing for a payment by Barrick to Occidental in the amount of U.S. \$500,000 in full settlement of the foregoing claims. This settlement was fully provided for in Barrick's 1983 consolidated financial statements.

### **Material Contracts**

The following are the only material contracts, other than contracts entered into in the ordinary course of business, which have been entered into by Barrick and its subsidiaries within the two years preceding the date hereof or which are proposed:

- (a) the amalgamation agreement dated April 28, 1983 between Summit and PetroInc pursuant to which such corporations were amalgamated to form a predecessor of Barrick;
- (b) subscription agreements dated April 28, 1983 pursuant to which Barrick Petroleum issued \$9,625,000 of common shares to various investors by way of private placement;
- (c) share exchange agreement dated April 28, 1983 pursuant to which a predecessor of Barrick acquired all of the shares of Barrick Petroleum;
- (d) the acquisition agreement dated as of July 11, 1983 and amalgamation agreement dated as of August 31, 1983 entered into in connection with the amalgamation of a predecessor of Barrick and Sungate which formed Barrick;
- (e) a subscription agreement dated December 16, 1983 pursuant to which Southern Pacific Properties (Bahamas) Limited purchased 1,300,000 common shares of Barrick at \$1.95 per share for an aggregate consideration of \$2,535,000;
- (f) the Trust Indenture dated as of January 25, 1984 establishing The Barrick-Cullaton Gold Trust and the Gold Acquisition Agreement dated as of January 25, 1984 referred to under "Renabie Mines (1981) Limited - The Barrick-Cullaton Gold Trust";
- (g) the Warrant Indenture dated as of January 25, 1984 between Renabie and National Trust Company, Limited providing for the issuance of the Gold Value Warrants referred to under "Renabie Mines (1981) Limited - The Barrick-Cullaton Gold Trust";
- (h) the Heads of Agreement dated May 14, 1984 entered into between Barrick, Camflo, Bob-Clare, the Royal Bank and the shareholders of Bob-Clare referred to under "Restructuring of Bank Debt";
- (i) the subscription agreements pursuant to which various investors and existing Barrick shareholders have subscribed for an aggregate of 14,285,714 common shares of Barrick at \$2.10 per share for an aggregate consideration of \$30,000,000;
- (j) the Amalgamation Agreement dated as of June 14, 1984; and
- (k) the loan agreements and related arrangements to be entered into among Barrick, Camflo, Bob-Clare and the Royal Bank as referred to under "Restructuring of Bank Debt".

Copies of the foregoing contracts (other than those which are proposed) are available for inspection during regular business hours at the offices of Barrick until July 11, 1984.

**Registrar and Transfer Agent**

The registrar and transfer agent for Barrick's common shares and preferred shares is National Trust Company, Limited, 18 King Street East, Toronto, Ontario, M5C 1E4.

**Auditors**

The auditors of Barrick are Coopers & Lybrand, 145 King Street West, Toronto, Ontario, M5H 1V8.

## **CAMFLO MINES LIMITED**

Camflo was incorporated under the laws of Ontario by Letters Patent dated January 6, 1958. The head office of Camflo is located at Suite 3001, South Tower, Royal Bank Plaza, Toronto, Ontario M5J 2J1.

Unless otherwise indicated, references to Camflo herein include Camflo, its subsidiaries and affiliated corporations.

Camflo is a public corporation with an authorized capital of 5,000,000 common shares, of which 4,091,357 are now issued and outstanding. Camflo's shares are listed for trading on the Toronto and Montreal stock exchanges.

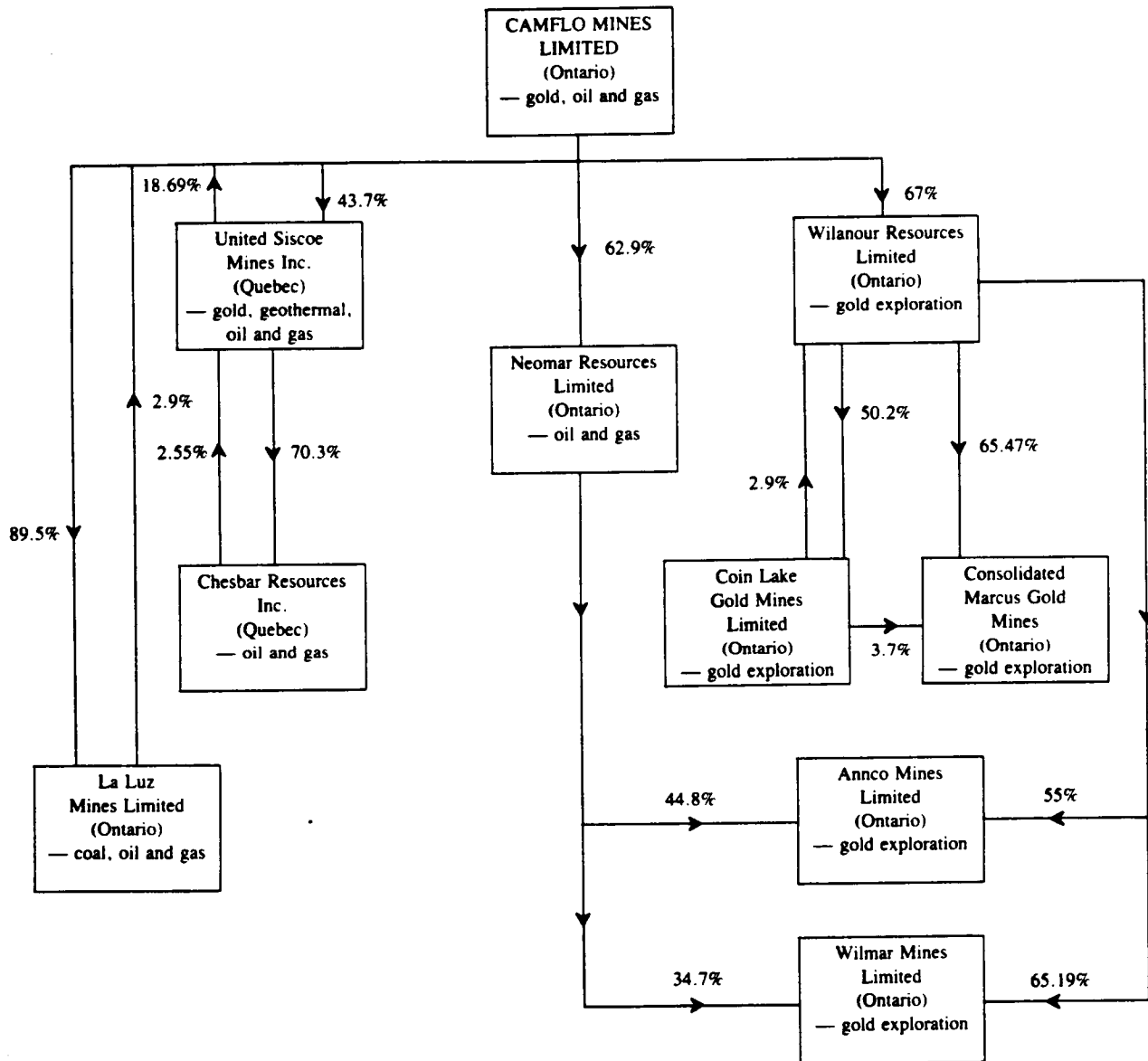
Camflo's primary business is the mining of a gold deposit on a 12 claim property in Fourniere and Malartic Townships, approximately four miles east of the Town of Malartic, Quebec. Other activities carried out directly or through subsidiaries include participation in oil and gas exploration and development in Canada and the United States and participation in the exploration for gold in Canada and coal mining in Ohio. In addition, Camflo holds various investments in the natural resource fields, the most significant of which is a 43.7% interest in United Siscoe Mines Inc. ("Siscoe") which holds a 26.25% interest in the Pinson Gold Mine located in Nevada and which is also engaged in the development of geothermal resources for electric power generation in California.

In 1981, due to substantial losses, Camflo wrote off its investment in and advances to the coal operations of its subsidiary La Luz Mines Limited ("La Luz") and advised La Luz it would provide no further funds to support ongoing operations. Consequently, the results of the coal operations are not reflected in the Camflo Consolidated Financial Statements. However, due to a combination of its financial restructuring and improved operations, La Luz reported net income in 1983 of U.S. \$752,000 on revenue of U.S. \$40.5 million.

Camflo's investment in its subsidiary Wilanour Resources Limited was written off in 1981 and therefore is not reflected in Camflo's Consolidated Financial Statements.

## Corporate Structure

The following chart sets out the names of the principal subsidiaries and affiliates of Camflo, the percentage of voting securities owned by Camflo and/or other subsidiaries and affiliates and their respective jurisdictions of incorporation and principal activities:



## Gold Activities and Properties of Camflo

### Gold Mining

Camflo owns the Camflo Mine which is a major Canadian gold producer and has been in continuous production since May 1965. The operation is one of the lowest cost per ton underground gold mines in Canada and has a stable, efficient, non-unionized labour force. Exploration and development are conducted well in advance of mining. The ore structure is known to continue to at least the 3,300 foot level, which is the deepest location of exploration to date. The shaft has recently been deepened to 4,060 feet and the new levels will be available for exploration starting in late 1984.

The property consists of 12 mining claims in Malartic and Fourniere Townships located two miles north of the highway between the Towns of Malartic and Val d'Or, Quebec. The mine consists of a 104 foot steel headframe, a 10 foot hoist, office building, compressor room, crusher house, mine change house, shop, assay office, warehouses, a 1,300 ton per day mill and a refinery.

The ore is mined with open long hole stopes or by a raise and rib pillar method. The strength and competency of the rock has permitted the use of these low cost methods.

At a depth beginning below the 2,100 foot level, the main ore body extends onto the property of Malartic Hygrade Gold Mines (Canada) Ltd. ("Malartic Hygrade") which is immediately north of Camflo. In September, 1980, an agreement was made between Camflo and Malartic Hygrade whereby Camflo agreed to mine and mill the Malartic Hygrade ore for a fee equal to 40% of the net revenues derived from the sale of production from the Malartic Hygrade property. Camflo has a similar arrangement with Lac Minerals Ltd. ("Lac") which owns the claims to the east. According to the terms of the latter agreement, Camflo will receive a fee equal to 75% of any net revenues derived from the sale of production; however, to date, only a small quantity of Lac ore has been discovered and there have been no net revenues.

By the end of 1983, 7,100,000 tons of Camflo ore and 421,000 tons of Malartic Hygrade ore had been mined.

In 1983 the Camflo mill treated a total of 466,389 tons at an average rate of 1,278 tons per day having an average mill head grade of 0.172 ounces of gold per ton. Total production amounted to 77,936 ounces at a mill recovery rate of 95.7%. The Camflo property alone produced 251,942 tons with a grade of 0.129 ounces of gold per ton yielding 31,110 ounces. Combining Camflo production with 40% of Malartic Hygrade production, some 337,720 tons averaging 0.153 ounces of gold per ton produced 49,840 ounces of gold worth \$23,408,000 at the then prevailing market prices for gold.

The following table shows the production for Camflo (including 100% of Malartic Hygrade) and production for Camflo plus its 40% interest in the Malartic Hygrade production for the five years ended December 31, 1983:

|   | Year ended December 31, |              |              |              |              |
|---|-------------------------|--------------|--------------|--------------|--------------|
|   | 1983                    | 1982         | 1981         | 1980         | 1979         |
| Total tons of ore milled<br>(including 100% of<br>Malartic Hygrade) ..... | 466,389                 | 463,485      | 463,000      | 461,931      | 471,701      |
| Average mill head grade<br>(ozs/ton) .....                                | 0.172                   | 0.210        | 0.118        | 0.116        | 0.158        |
| Ounces produced .....   | 77,936                  | 92,696       | 51,615       | 50,478       | 70,639       |
| Tons of Camflo ore milled<br>plus 40% of Malartic<br>Hygrade .....        | 337,721                 | 375,856      | 433,079      | 461,931      | 471,701      |
| Average mill head grade<br>(ozs/ton) .....                                | 0.153                   | 0.182        | 0.109        | 0.116        | 0.158        |
| Ounces produced .....   | 49,840                  | 65,234       | 44,788       | 50,478       | 70,639       |
| Value of production .....   | \$23,408,000            | \$29,987,000 | \$24,578,000 | \$37,253,000 | \$24,698,000 |
| Average price received<br>per ounce (\$Cdn.) .....                        | 470                     | 460          | 549          | 738          | 350          |

Camflo's operating cost per ton and operating cost per ounce, including Camflo's 40% share of Malartic Hygrade's costs, were \$26.73 and \$181.10, respectively, in 1983.

The following table prepared by management of Camflo shows proven and indicated ore reserves for the Camflo Mine:

|                                     | December 31, |           |           |           |           |
|-------------------------------------|--------------|-----------|-----------|-----------|-----------|
|                                     | 1983         | 1982      | 1981      | 1980      | 1979      |
| Broken and drilled off — tons ..... | 460,000      | 440,000   | 490,000   | 565,400   | 622,528   |
| Total proved tons .....             | 1,680,000    | 1,760,000 | 1,820,000 | 2,220,000 | 1,531,000 |
| Grade — ozs/ton .....               | 0.12         | 0.13      | 0.14      | 0.14      | 0.16      |
| Total proved and indicated          |              |           |           |           |           |
| — tons .....                        | 2,100,000    | 2,350,000 | 2,300,000 | 2,800,000 | 2,300,000 |
| — ozs/ton .....                     | 0.12         | 0.12      | 0.14      | 0.14      | 0.15      |

The ore reserves in the foregoing table include an allowance for the expected dilution and the grade reported is the estimated mill head grade.

At the proposed mining rate of 270,000 tons per year the total proved and indicated tonnage as at December 31, 1983 represents an 8 year ore reserve.

Malartic Hygrade reported proved and indicated reserves of 1,119,000 tons grading 0.129 ounces of gold per ton as at December 31, 1983 and 1,260,368 tons grading 0.145 ounces of gold per ton as at December 31, 1982. The main ore body is known to be open at depth.

#### **Other Gold Production**

Camflo indirectly participates in other gold production. See "United Siscoe Mines Inc."

#### **Gold Exploration**

##### ***Pandora Property, Quebec***

In 1979 Camflo acquired an option on the Pandora property near Cadillac, Quebec from Queenston Gold Mines Limited ("Queenston"). Several zones of gold mineralization were outlined with surface diamond drilling and in 1980-81 a head frame and associated support facilities for underground exploration and development were erected to service the 857 foot shaft of this mine. The mine was pumped out in 1981 and 4,500 feet of drifting and over 10,000 feet of underground diamond drilling were carried out. The initial results were not as favourable as had been anticipated and the project has been placed on a care and maintenance basis until gold prices increase. Camflo has earned a 40% interest in the property and can increase this to 75% by payment of \$100,000 to Queenston.

##### ***Red Lake Area, Ontario***

Camflo also participates indirectly in exploration in the Red Lake area of Ontario. See "Wilanour Resources Limited".

##### ***Harker Township, Ontario***

During the past two years Camflo has acquired varying interests in approximately 4,300 acres in Harker and Holloway Townships along the Porcupine-Destor Fault. The claims cover a strike length of about five miles and are located about 40 miles north of Kirkland Lake, Ontario.

To date, 67 diamond drill holes have been completed. Strata-bound gold mineralization has been indicated within a succession of metamorphosed volcanic and sedimentary rocks. Drilling results have indicated the presence of gold mineralization grading between 0.10 to 0.20 ounces gold per ton over minable widths. Considerable additional exploration work is required before the potential of this property can be accurately assessed. The favourable zone has been indicated to have a significant potential strike length.

### ***Squall Lake and Bisset Lake, Manitoba***

Camflo has reached an agreement with a third party to finance an exploration program on the optioned Squall Lake properties located near the Town of Snow Lake, Manitoba in which Camflo has acquired an option. A diamond drilling program is being conducted to follow up the indications of extensive mineralization discovered by earlier diamond drilling.

A similar arrangement is being negotiated with respect to the Bisset Lake property located in southeastern Manitoba.

### **Petroleum and Natural Gas Interests of Camflo**

Camflo has substantial oil and gas interests in Canada and the United States.

#### **Canada**

The majority of Camflo's proved and producing gas reserves are located in the east central area of Alberta, an area commonly called the "Gas Contract Area". The area is so named because about seven years ago a number of gas producers, Camflo among them, were successful in negotiating with TransCanada Pipelines Limited ("TransCanada") gas purchase contracts covering a very large area. Camflo's gas contract is dated May 4, 1977 and covers approximately 4,400,000 acres. All gas found by Camflo in this area is subject to this gas contract, and TransCanada is committed to purchase gas from Camflo's established reserves at an average daily rate of 1 mmcf/day for every 8 bcf of reserves based upon a reserve life of 22 years. Any new reserves found are included through an annual reserve re-determination. During the last two years agreements have been reached between TransCanada and its natural gas producers, including Camflo, to cut significantly TransCanada's commitment to buy gas. However, because of the large area covered by Camflo's contract, and the provision for an annual re-determination of reserves, this area still affords one of the best opportunities in Alberta currently available to develop and get on stream gas reserves in a short period of time.

Camflo's principal method of investing in the oil and gas industry in Canada has been through participation in joint ventures.

#### ***Signalta Joint Venture***

Camflo participated in joint venture programs operated by Signalta Resources Limited from 1977 through June 1982. Camflo currently holds working interests ranging from 4% to 30% in approximately 148 producing wells. Most of these wells are in the Gas Contract Area of east central Alberta. Undrilled acreage held pursuant to this joint venture agreement approximates 110,000 gross and 33,000 net acres in which Camflo holds interests ranging from 4% to 30%. Working interests ranging from about 3.7% to 16.15% are held in five gas plants from which processing revenues are received. The Forestburg gas plant, in which Camflo holds a 3.7209% interest, is currently being expanded in capacity.

#### ***West Viking***

The working interests held by Camflo in the West Viking area of Alberta arise largely out of two agreements with Voyager Petroleums Ltd. The first agreement, entered into in May 1973, was in respect of the Holden and Hamilton Lake area; and the second agreement, entered into in 1974, was in respect of the Killam area. Currently, Camflo holds working interests ranging from 3% to 26% in approximately 95 producing wells. Camflo also holds working interests of about 8% in each of two gas plants at Killam and Iron Creek.

#### ***Others***

In the years 1977, 1978 and 1979 Camflo also participated in various joint venture programs in Alberta and British Columbia operated by Westgrowth Petroleums Ltd., Renaissance Resources Limited and others. Currently, Camflo holds interests ranging from 1% to 11% in approximately 23 producing wells and in 60,000 gross and 3,500 net acres, as a result of participation in these ventures.



## United States

Camflo's participation in the oil and gas industry in the United States arises out of joint venture programs operated by Daleco Resources, Orbit Oil and Gas Inc., Diamond Shamrock Corporation, Adams Exploration Company and Quad Oil Co. These joint venture programs were carried out in Louisiana, Ohio, East Texas, Montana, Oklahoma and New Mexico. As a result of the programs, Camflo currently holds interests ranging from 2% to 12% in 20 producing wells.

## Other Petroleum and Natural Gas Interests

Camflo also participates indirectly in other petroleum and natural gas interests. See "United Siscoe Mines Inc.", "Neomar Resources Limited" and "La Luz Mines Limited".

## Production Volumes

The following table summarizes Camflo's oil and gas production volumes (including Neomar Resources Limited and La Luz Mines Limited production) over the past five years:

|                     | Year ended December 31, |              |              |              |              |
|---------------------|-------------------------|--------------|--------------|--------------|--------------|
|                     | 1983                    | 1982         | 1981         | 1980         | 1979         |
|                     |                         |              | (mmcf)*      |              |              |
| Canada .....        | 3,443                   | 4,101        | 3,473        | 2,374        | 2,054        |
| United States ..... | 277                     | 415          | 455          | 386          | 463          |
|                     | <u>3,720</u>            | <u>4,516</u> | <u>3,928</u> | <u>2,760</u> | <u>2,517</u> |

\* gas including oil converted at net equivalent values

## Reserves

The following table summarizes Camflo and subsidiaries' estimated net share of reserves and interests in their principal oil and gas assets, before royalty, as at December 31, 1983, based substantially on currently updated reports prepared by DeGolyer and MacNaughton, Dallas, Texas:

|                           | Proved (1)                    |               | Probable (2)   |              | Total          |               |
|---------------------------|-------------------------------|---------------|----------------|--------------|----------------|---------------|
|                           | Oil                           | Gas           | Oil            | Gas          | Oil            | Gas           |
|                           | (barrels of oil, mmcf of gas) |               |                |              |                |               |
| Canada                    |                               |               |                |              |                |               |
| Camflo .....              | 103,800                       | 54,000        | 300            | 3,400        | 104,100        | 57,400        |
| La Luz .....              |                               | 300           |                |              |                | 300           |
| Neomar .....              | <u>225,000</u>                | <u>19,700</u> | <u>119,000</u> | <u>6,500</u> | <u>344,000</u> | <u>26,200</u> |
| Total Canada .....        | <u>328,800</u>                | <u>74,000</u> | <u>119,300</u> | <u>9,900</u> | <u>448,100</u> | <u>83,900</u> |
| United States             |                               |               |                |              |                |               |
| Camflo .....              | 86,300                        | 1,000         |                |              | 86,300         | 1,000         |
| Neomar .....              | <u>31,000</u>                 | <u>200</u>    |                |              | <u>31,000</u>  | <u>200</u>    |
| Total United States ..... | <u>117,300</u>                | <u>1,200</u>  |                |              | <u>117,300</u> | <u>1,200</u>  |
| Total .....               | <u>446,100</u>                | <u>75,200</u> | <u>119,300</u> | <u>9,900</u> | <u>565,400</u> | <u>85,100</u> |

### Notes:

- (1) Proved — Reserves that have been proved to a high degree of certainty by analysis of the producing history of a reservoir and/or by volumetric analysis of adequate geological and engineering data. Commercial productivity has been established by actual production, successful testing, or in certain cases by favorable core analyses and electrical-log interpretation when the producing characteristics of the formation are known from nearby fields. Volumetrically, the structure, areal extent, volume, and characteristics of the reservoir are well defined by a reasonable interpretation of adequate subsurface well control and by known continuity of hydrocarbon-saturated material above known fluid contacts, if any, or above the lowest known structural occurrence of hydrocarbons.
- (2) Probable — Reserves susceptible of being proved that are based on reasonable evidence of producible hydrocarbons within the limits of a structure or reservoir above known or inferred fluid contacts but are defined to a lesser degree of certainty because of more limited well control and/or the lack of definitive production tests. Probable reserves may include extensions of proved reservoirs or other reservoirs that have not been tested at commercial rates of flow.

### Gross and Net Working Interest Acres

The following table summarizes Camflo and subsidiaries' gross and net working interest acres:

|                        | <u>Gross</u>   | <u>Net</u>     |
|------------------------|----------------|----------------|
| Canada                 |                |                |
| Alberta .....          | 797,000        | 156,000        |
| British Columbia ..... | 19,000         | 3,000          |
| Saskatchewan .....     | <u>5,000</u>   | <u>1,000</u>   |
| Total Canada .....     | <u>821,000</u> | <u>160,000</u> |
| United States .....    | <u>38,000</u>  | <u>6,000</u>   |
| Total .....            | <u>859,000</u> | <u>166,000</u> |

### Future Net Cash Flow

The following table summarizes Camflo and subsidiaries' estimated future net cash flow from its reserves of oil and gas:

|                     | <u>Net Future Cash Flow</u> |                              |
|---------------------|-----------------------------|------------------------------|
|                     | <u>Undiscounted</u>         | <u>Discounted<br/>at 15%</u> |
|                     | (thousands of dollars)      |                              |
| Proved              |                             |                              |
| Canada .....        | \$250,609                   | \$ 60,576                    |
| United States ..... | <u>6,467</u>                | <u>2,947</u>                 |
|                     | <u>\$257,076</u>            | <u>\$ 63,523</u>             |
| Probable            |                             |                              |
| Canada .....        | \$ 38,839                   | \$ 5,097                     |
| United States ..... | <u>—</u>                    | <u>—</u>                     |
|                     | <u>\$ 38,839</u>            | <u>\$ 5,097</u>              |

### Basic Engineering Evaluation Assumptions

#### 1. Gas Prices

Current prices of \$2.90 per mcf for the Signalta properties and \$2.60 per mcf for the Voyager properties have been escalated to \$6.50 per mcf in the year 2000 and held constant thereafter..

#### 2. Costs

Operating and capital costs have been escalated during the period that gas prices were escalated at 6% and 8% respectively for the Signalta properties. All costs were held constant for the Voyager properties.

It should not be assumed that the estimated values of future net cash flow represent the fair market value of the reserves.

### Corporate Holdings of Camflo

#### United Siscoe Mines Inc.

Camflo holds a 43.7% equity interest in Siscoe, a public corporation incorporated under the laws of Quebec with its shares listed for trading on the Toronto and Montreal stock exchanges. The following is a brief outline of Siscoe's principal assets and a summary of certain financial information with respect to Siscoe for the periods indicated. Siscoe has for some time been experiencing a working capital deficiency and in cooperation with its bankers is endeavouring to resolve the problem either by disposition of certain of its assets or refinancing the existing demand indebtedness to a term facility. The 1983 Annual Report and the Interim Report to March 31, 1984 of Siscoe will be provided, on request to Camflo, to any shareholder wishing further financial and other information with respect to the affairs of Siscoe beyond that contained herein.

Siscoe is primarily involved in gold mining in Nevada, participation in oil and gas exploration and development in Alberta and Montana and in the development of geothermal resources for electric power generation in California.

### Gold Interests

Siscoe has a 26.25% interest in the Pinson Mining Company, a partnership which operates the Pinson open pit gold mine located in north central Nevada. The Pinson mine has been in production since February, 1981. The operation has been very profitable and the original U.S. \$15.75 million bank loan used to finance the project was repaid with interest in less than 14 months. Production from the 1,500 ton per day mill has recently been supplemented by production derived from heap leaching low grade material which would not be economical to mill. In 1983, 526,186 tons of ore grading 0.106 ounces of gold per ton were treated in the mill. Heap leaching produced 7,912 ounces at a cost of U.S. \$123 per ounce and the total production from both sources was 56,458 ounces at an average cost of U.S. \$180.

Ore reserves in the Pinson "A", "B" and "C" zones as at December 31, 1983 totalled 2,680,000 tons of milling ore averaging 0.09 ounces of gold per ton. The stripping ratio for the milling ore reserves is estimated to be 7.2:1. Ore resources suitable for heap leaching amounted to 2,290,000 tons grading 0.026 ounces of gold per ton. Exploration of the "CX" zone, being the northeast extension of the Pinson "A" zone, has indicated proven reserves of milling ore in the initial open pits totalling more than half a million tons grading 0.106 ounces of gold per ton. Additional good grade mineralization has been outlined at depth and work is continuing.

The following table shows the production, revenues and costs for the Pinson mine from commencement of production in 1981 to December 31, 1983:

|  | 1983                             | 1982        | 1981      |
|--|----------------------------------|-------------|-----------|
|  | (dollar amounts in U.S. dollars) |             |           |
| Total tons mined (including milling ore, heap leach ore and waste) ..... | 4,719,818                        | 4,790,770   | 4,414,000 |
| Tons milled .....  | 526,186                          | 496,771     | 365,819   |
| Grade of ore milled (ozs./ton) .....                                     | 0.106                            | 0.15        | 0.195     |
| Mill recovery .....  | 85.4%                            | 86.9%       | 86.0%     |
| Ounces sold from the mill. ....  | 48,546                           | 66,038      | 56,369    |
| Ounces sold from heap leaching .....                                     | 7,912                            | —           | —         |
| Direct operating costs per ton milled .....                              | \$17.23                          | \$18.66     | \$22.91   |
| Direct operating costs per ounce sold (mill) .....                       | \$189.98                         | \$143.38    | \$149.00  |
| Direct operating costs per ounce sold (heap leaching) .....              | \$123.15                         | —           | —         |
| Average price received for gold sold .....                               | \$420.67                         | \$367.31    | \$433.00  |
| Total cash distributed to partners .....                                 | \$9,600,000                      | \$7,000,000 | —         |
| Siscoe share of cash distributed .....                                   | \$2,520,000                      | \$1,837,500 | —         |

The region adjacent to the Pinson mine is being actively explored and the most favourable mineral rights have been acquired by the Pinson Mining Company. One property, the Preble mine, is now being prepared for production. This property is located 15 miles to the south of the Pinson mine, and Siscoe will have the same 26.25% interest in it. Batch testing has indicated that, when ore from the Preble mine is crushed and agglomerated, recoveries of over 80% can be expected from heap leaching. Initial production at the rate of 1,000 tons per day is expected in the fall of 1984 and ore reserves are estimated at approximately 1,800,000 tons grading 0.062 ounces of gold per ton. It is estimated that operating costs will be less than U.S. \$200 per ounce recovered.

### Camflo Mines Limited

Siscoe holds a 18.7% equity interest in Camflo. See "Corporate Structure".

### ***Geothermal Energy***

Siscoe, through a subsidiary corporation, holds properties, for the purpose of developing geothermal resources for electric power generation, in The Geysers area near San Francisco and in the Imperial Valley area of the southern region of California. The properties in The Geysers area consist of the Rorabaugh Property comprising 461 acres in Sonoma County and the Binkley Property comprising 471 acres in Lake County. Three wells have been successfully completed on the Rorabaugh Property by Siscoe.

On March 20, 1984 drilling on the first of the additional estimated six wells required for the commencement of power generation was started. The drilling of this first well was funded by TransCanada pursuant to an agreement between TransCanada and Siscoe's subsidiary. The well, although encountering reasonable quantities of steam in the favourable reservoir horizon, did not meet the specifications established by the agreement and accordingly the agreement was subsequently modified to permit TransCanada to drill two side-track wells off the original well. This side-track drilling, when completed, will result in TransCanada acquiring a 50% working interest in the Rorabaugh Property. Drilling of the first side-track well is now under way. The California Department of Water Resources has begun construction of a 55 megawatt power plant to be operable in June, 1986 which plant will utilize production from the Rorabaugh Property.

Siscoe has a right to acquire a 50% working interest in the Binkley Property. Siscoe did not undertake any exploration or development on the Binkley Property through 1983; however drilling by other operators has continued on adjacent properties resulting in the Binkley Property now having successful steam wells on all four boundaries of the property.

Siscoe's property in the Imperial Valley is known as the South Brawley Property and is comprised of 11,800 acres located in Imperial County. In 1976 a joint venture (the "CU-I Venture") was formed by one of Siscoe's subsidiaries and MCO Resources, Inc. to carry out a three phase exploration program on land comprising 640 acres of the South Brawley Property. The United States Department of Energy ("DOE") agreed to guarantee non-recourse loans of up to U.S. \$49 million to carry out drilling and reservoir assessment work, of which approximately U.S. \$15.5 million has been received.

The wells in the CU-I Venture produce wet steam which contains substantial amounts of brine causing an excessive build up of solids on the well casings. Consequently the joint venturers have informed the DOE that the CU-I Venture as initially envisioned is no longer technically or economically viable. However, a research task force funded by the CU-I Venture has submitted a theoretical test proposal which if successful would control solids build up and assist in the recovery of minerals (silver, lead, zinc) from the brine. The technical and economic feasibility of the task force report is currently being investigated. Pending the outcome of negotiations respecting the carrying out of further research or testing for project viability of the CU-I Venture, interest due March 31, 1984 on the U.S. \$15.5 million non-recourse loan has not been paid by the joint venturers. Such loan is therefore in default, and demand has been made on the joint venturers for payment of the amount advanced and accrued interest.

### ***Petroleum and Natural Gas Interests***

#### ***Canada***

Siscoe receives revenue from its gas producing interests in the Bindloss Unit, and the Atlee Buffalo Jenner Unit situated in Alberta and from certain royalty interests.

#### ***United States***

Siscoe has producing interests in five wells in Sheridan County, Montana. Working interests range from 1.3% to 5.3%. The most recent well drilled was placed on production in December 1983 at rates in excess of 150 barrels of oil per day.

## Financial Information

The following table summarizes certain financial information with respect to Siscoe for the periods indicated:

|   | Three months ended<br>March 31,                  |          | Year ended<br>December 31, |           |
|---|--|----------|----------------------------|-----------|
|   | 1984   | 1983     | 1983                       | 1982      |
|   | (thousands of dollars, except per share amounts) |          |                            |           |
| Working capital deficiency (1) .....            | \$23,729   | \$20,624 | \$23,935                   | \$19,962  |
| Long-term debt .....                            | 10,863   | 10,284   | 10,288                     | 10,283    |
| Shareholders' equity .....                      | 30,709   | 25,482   | 26,772                     | 24,904    |
| Revenue .....                                   | 1,936  | 2,302    | 8,405                      | 8,866     |
| Net income (loss) .....                         | (72)   | 571      | 393 (2)                    | 3,665 (3) |
| Earnings (loss) per share (dollars) .....       | (.01)  | .09      | .07 (2)                    | .61 (3)   |
| Working capital generated from operations ..... | 213  | 833      | 2,258                      | 2,200     |

### Notes:

- (1) Working capital deficiency consists substantially of demand bank loans secured by Siscoe's assets, including shares of its subsidiary and affiliated corporations, and notes payable to Camflo secured by a pledge of the shares of a subsidiary corporation which holds the Pinson mine partnership interest.
- (2) Does not include extraordinary gains of \$1,530,000 or \$.25 per share.
- (3) Does not include an extraordinary gain of \$1,986,000 or \$.32 per share.

## Neomar Resources Limited

Camflo holds a 62.9% equity interest in Neomar Resources Limited ("Neomar"), a public corporation incorporated under the laws of Ontario with its shares listed for trading on The Toronto Stock Exchange. The following is a brief outline of Neomar's principal assets and a summary of certain financial information with respect to Neomar for the periods indicated. The 1983 Annual Report and the Interim Report to March 31, 1984 of Neomar will be provided, on request to Camflo, to any shareholder wishing further financial and other information with respect to the affairs of Neomar beyond that contained herein.

Neomar is primarily involved in the exploration and development of oil and natural gas in western Canada and in the United States.

### Petroleum and Natural Gas Interests

Neomar's interests in the oil and gas industry are a combination of participations in joint venture agreements and direct participations through its own prospects.

#### Signalta Joint Venture, Alberta

From 1979 through 1982 Neomar maintained a 10% participation in joint venture programs operated by Signalta Resources Limited ("Signalta"). Currently, working interests ranging from 2% to 7.5% are held in approximately 100 producing wells. In addition, varying working interests totalling 4,400 net undrilled acres are held under this joint venture.

Neomar also holds interests in four gas plants, ranging from 1% to 6.5%.

#### Voyager West Viking, Alberta

Neomar holds working interests ranging from 6% to 15% in 19 producing gas wells in the West Viking area of Alberta and holds a 6% working interest in West Viking Gas Unit No. 1.

#### Renaissance Resources Limited, Alberta

Neomar participated in the 1978 joint venture program conducted by Renaissance Resources Limited. The major source of revenue from this program comes from two producing gas wells in the Eyremore area of Alberta.

#### Viking/Mannville, Alberta

Neomar holds interests ranging from 38% to 77% in six Signalta-operated producing wells.

#### Taber Area, Alberta

Neomar holds interests ranging from 3.25% to 20% in four producing Taber Sand oil wells. Neomar acts as operator for two of these wells.



### *Leitchville Area, Saskatchewan*

Neomar receives production revenues from two wells situated in the Leitchville area of Saskatchewan. Current plans call for the drilling of up to four development wells during 1984. Neomar's working interests range from 16.67% to 47.5%.

### *Bench Area, Saskatchewan*

Neomar has working interests ranging from 3% to 12.5% in two producing oil wells in the Bench area of Saskatchewan. Seismic evaluation of unleased acreage offsetting Neomar held lands is currently being undertaken.

### *Cantuar Area, Alberta*

Neomar has a 57% working interest in one producing oil well in the Cantuar area of Alberta. Several development locations exist, and will be drilled this summer.

### *United States*

Neomar has working interests ranging from 2% to 30% in 25 wells from which production is being obtained in Texas, Oklahoma, Colorado and Nebraska.

Neomar also holds a 100% working interest in lands covering two prospects. The potential horizons in each are the Tensleep, and the Phosphoria. On the Water Creek Prospect, competitor activity is taking place adjacent to Neomar's acreage, and a recent dual discovery has been announced.

### *Petroleum and Natural Gas Reserves*

The following table summarizes Neomar's estimated net share of reserves, before royalty, as at December 31, 1983 based substantially on currently updated reports prepared by DeGolyer and MacNaughton, Dallas, Texas:

|                               | Proved (1)     |               | Probable (1)   |              | Total          |               |
|-------------------------------|----------------|---------------|----------------|--------------|----------------|---------------|
|                               | Oil            | Gas           | Oil            | Gas          | Oil            | Gas           |
| (barrels of oil, mmcf of gas) |                |               |                |              |                |               |
| Canada .....                  | 225,000        | 19,700        | 119,000        | 6,500        | 344,000        | 26,200        |
| United States .....           | 31,000         | 200           |                |              | 31,000         | 200           |
| Total .....                   | <u>256,000</u> | <u>19,900</u> | <u>119,000</u> | <u>6,500</u> | <u>375,000</u> | <u>26,400</u> |

Note:

(1) See notes 1 and 2 to the table under "Petroleum and Natural Gas Interests of Camflo — Reserves".

### *Gold Exploration*

Neomar participates in gold exploration in the Red Lake area of Ontario through its 34.7% equity interest in Wilmar Mines Limited and 44.8% equity interest in Annco Mines Limited. See "Wilanour Resources Limited".

### *Financial Information*

The following table summarizes certain financial information with respect to Neomar for the periods indicated:

|  | Three months ended<br>March 31, |        | Year ended<br>December 31, |        |
|--|---------------------------------|--------|----------------------------|--------|
|  | 1984                            | 1983   | 1983                       | 1982   |
| (thousands of dollars, except per share amounts) |                                 |        |                            |        |
| Working capital .....                            | \$ 623                          | \$ 913 | \$ 446                     | \$ 711 |
| Long-term debt (1) .....                         | 9,000                           | 8,800  | 8,900                      | 8,400  |
| Shareholders' equity .....                       | 7,057                           | 7,624  | 7,046                      | 7,568  |
| Revenue .....                                    | 681                             | 669    | 1,939                      | 2,078  |
| Net income (loss) .....                          | 11                              | 56     | (527)                      | (374)  |
| Earnings (loss) per share (dollars) .....        | —                               | .01    | (.14)                      | (.10)  |
| Working capital generated from operations .....  | 169                             | 178    | 65                         | (75)   |

Note:

(1) Long term debt consists of a bank production loan secured by Neomar's petroleum and natural gas interests and provides for a revolving line of credit up to a maximum of \$10,000,000.

## La Luz Mines Limited

Camflo holds an 89.5% equity interest in La Luz Mines Limited ("La Luz"), a public corporation incorporated under the laws of Ontario with its shares listed for trading on The Toronto Stock Exchange. The following is a brief outline of La Luz's principal assets and a summary of certain financial information with respect to La Luz for the periods indicated. The 1983 Annual Report and the Interim Report to March 31, 1984 of La Luz will be provided, on request to Camflo, to any shareholder wishing further financial and other information with respect to the affairs of La Luz beyond that contained herein.

La Luz is primarily involved in the operation, through wholly-owned subsidiaries, of the Crown City and Muskingum open pit coal mines in Ohio.

### Coal Interests

The Crown City mine is located in Gallia and Lawrence Counties approximately 20 miles from Gallipolis, Ohio, on properties comprising approximately 11,000 acres of surface and mineral rights. Pursuant to an agreement, Ohio Power Corporation is committed to purchase a minimum of 475,000 clean tons per year of production from the mine at a current price of U.S. \$36.87 per ton, subject to escalations and adjustments with respect to coal quality, until June 30, 1990, subject to the buyer's option to extend the term for up to a further five years.

The Muskingum mine produces coal from an open pit operation on 17,000 acres of land located 15 miles north of Zanesville, Ohio, on mining rights leased from New York Life Insurance Company. The lease has a 20 year term expiring October 31, 1998, subject to rights of renewal for additional periods of three years until coal is exhausted and subject to the lessor's right to terminate in any renewal period on six months' notice if less than 100,000 tons of coal are mined and shipped in any year and with a right in favour of the lessee to surrender the lease after it has paid royalty on 14,000,000 tons or after all coal has been exhausted, whichever first occurs.

Pursuant to a long term coal supply contract, Columbus and Southern Ohio Electric Company is committed to purchase from the Muskingum mine a minimum of 708,000 tons of coal per year at a price of U.S. \$32.75 per ton, subject to escalations and adjustments with respect to coal quality, until December 31, 1992.

### Petroleum and Natural Gas Interests

La Luz has a 35% working interest in five wells in the Halkirk area of Alberta from which it receives production revenues.

### Other Interests

La Luz owns 100,000 shares of Camflo.

### Operating Results and Financial Information

A summary of the operating results of La Luz for the periods indicated is set out below:

|                                     | Three months ended<br>March 31,                 |              | Year ended December 31, |                |                 |                |               |
|-------------------------------------|---|--------------|-------------------------|----------------|-----------------|----------------|---------------|
|                                     | 1984  | 1983         | 1983                    | 1982           | 1981            | 1980           | 1979          |
|                                     | (thousands of U.S. dollars except tons of coal) |              |                         |                |                 |                |               |
| Total tons of coal sold (thousands) | 298   | 233          | 1,145                   | 1,072          | 866             | 1,132          | 991           |
| <b>Revenue</b>                      |   |              |                         |                |                 |                |               |
| Coal .....                          | 10,468  | 8,372        | 40,439                  | 38,519         | 27,060          | 16,355         | 12,407        |
| Petroleum & natural gas .....       | 28  | 40           | 86                      | 146            | 147             | 219            | 138           |
|                                     | <u>10,496</u>                                   | <u>8,412</u> | <u>40,525</u>           | <u>38,665</u>  | <u>27,207</u>   | <u>16,574</u>  | <u>12,545</u> |
| <b>Expenses</b>                     |   |              |                         |                |                 |                |               |
| Operating & administrative .....    | 7,853   | 6,160        | 32,827                  | 34,368         | 27,820          | 15,881         | 13,688        |
| Interest .....                      | 758   | 1,369        | 3,067                   | 6,967          | 7,691           | 3,040          | 1,922         |
| Depreciation .....                  | <u>1,077</u>                                    | <u>1,193</u> | <u>3,878</u>            | <u>4,517</u>   | <u>3,630</u>    | <u>2,193</u>   | <u>1,762</u>  |
|                                     | <u>9,688</u>                                    | <u>8,722</u> | <u>39,772</u>           | <u>45,852</u>  | <u>39,141</u>   | <u>21,114</u>  | <u>17,372</u> |
| Income (loss) from operations ..... | <u>809</u>                                      | <u>(311)</u> | <u>752</u>              | <u>(7,187)</u> | <u>(11,934)</u> | <u>(4,540)</u> | <u>4,827</u>  |

The following table summarizes certain other financial information with respect to La Luz for the periods indicated:

|   | Three months ended<br>March 31,                       |          | Year ended<br>December 31, |          |
|---|---|----------|----------------------------|----------|
|   | 1984  | 1983     | 1983                       | 1982     |
|   | (thousands of U.S. dollars, except per share amounts) |          |                            |          |
| Working capital deficiency .....                | \$ 3,037  | \$ 5,282 | \$ 3,075                   | \$ 7,127 |
| Long-term debt (3), (4) .....                   | 24,185  | 50,274   | 22,737                     | 50,171   |
| Shareholders' equity (deficiency) (4) .....     | 8,870   | (19,799) | 8,062                      | (21,804) |
| Net income (loss) .....                         | 428(1)  | (311)    | 387(2)                     | (7,188)  |
| Earnings (loss) per share (dollars) .....       | .07(1)  | (.20)    | .24(2)                     | (4.55)   |
| Working capital generated from operations ..... | 1,855   | 1,562    | 5,756                      | 3,083    |

Notes:

- (1) Does not include an extraordinary gain of \$380,000 or \$0.06 per share.
- (2) Does not include an extraordinary gain of \$365,000 of \$0.24 per share.
- (3) Long-term debt is substantially secured by La Luz's property, buildings and equipment. Included therein are notes payable totalling \$11,125,000 payable to a wholly owned U.S. subsidiary of Camflo.
- (4) Pursuant to a rights offering dated October 1983 of shares of La Luz, and as part of a reorganization and refinancing agreement, La Luz retired approximately \$17,347,000 of long term debt payable to a wholly owned U.S. subsidiary of Camflo and Camflo.

### Wilanour Resources Limited

Camflo holds a 67% equity interest in Wilanour Resources Limited ("Wilanour"), a public corporation incorporated under the laws of Ontario with its shares listed for trading on The Toronto Stock Exchange. The following is a brief outline of Wilanour's principal assets and a summary of certain financial information with respect to Wilanour for the periods indicated. The 1983 Annual Report and the Interim Report to March 31, 1984 of Wilanour will be provided, on request to Camflo, to any shareholder wishing further financial and other information with respect to the affairs of Wilanour beyond that contained herein.

### Gold Exploration

Wilanour, a former gold producer in the Red Lake area of northwestern Ontario, holds a 55% equity interest in Annco Mines Limited ("Annco") and a 65.19% equity interest in Wilmar Mines Limited ("Wilmar"). Neomar Resources Limited holds a 44.8% equity interest and a 34.7% equity interest respectively in Annco and Wilmar. See "Neomar Resources Limited".

Pursuant to a Partnership Agreement made as of the 6th day of April, 1984 among Wilanour, Annco and Wilmar, the parties contributed to a partnership (the "Wilanour Partnership") surface rights and mining claims held by them in the Red Lake area of northwestern Ontario, and other mining assets located on the properties comprising such claims, including the mine, mill facilities and underground workings together with the related liabilities of the respective partners. The respective interests in the Wilanour Partnership are as follows: Wilanour — 52.8%, Annco — 9% and Wilmar — 38.2%.

The Wilanour Partnership properties comprise an aggregate of 46 mining claims held under patent and license of occupation covering approximately 1,711 acres and three claims held under mining license covering approximately 75 acres located in the Townships of Dome and Balmer.

The Wilanour Partnership properties are located to the west of the Campbell Red Lake Mines Limited mine, one of Canada's most successful gold mines. Past production from the Wilanour Partnership properties consisted of more than 2,500,000 tons of ore with an average grade of over half an ounce of gold per ton. The properties ceased production in 1971 due to a lack of high grade ore and they were subsequently allowed to flood. The mines were dewatered in 1980-81 and, although the bulk testing of low grade mineralization on the 1,300 foot level of Wilmar gave disappointing results, deep drilling in the spring of 1982 confirmed the downward extension of the high grade Wilmar East Breccia zone. This zone is not readily accessible for mining and although the mine has been kept dewatered, further work was postponed until additional funds could be obtained.



Substantially all of the Wilanour Partnership's mining, milling and service facilities were rehabilitated in 1980 and 1981 and are in good operating condition. The mill is located adjacent to the main shaft and is capable of treating ore at the rate of 400 tons per day using conventional cyanidation methods.

Esso Minerals, a division of Esso Resources Canada Limited ("Esso"), has entered into an agreement with the Wilanour Partnership to spend \$1.2 million on exploration of the partnership lands in 1984 with options to spend up to a further \$3.8 million for development leading to production. Esso will earn a 30% working interest in the mineral rights of the Wilanour Partnership properties after the expenditure of \$2.5 million and a total of 60% after the expenditure of a total of \$5 million. Thereafter, Esso Minerals and the Wilanour Partnership will participate according to their respective interests or be subject to dilution. Esso will also have the right to acquire a 60% interest in surface rights to the Wilanour Partnership properties, including the mill, upon payment of a price which varies with the price of gold at the time of exercise, but which shall in no event be less than \$4.8 million nor more than \$6 million, the proceeds of which will be used to reduce Wilanour bank indebtedness.

Wilanour holds a 65.5% equity interest in Consolidated Marcus Gold Mines Limited ("Marcus"), which owns 24 patented mining claims covering approximately 857 acres contiguous with the Wilanour Partnership properties. Marcus is in the process of finalizing a letter of intent with Esso whereby Esso would make a staged exploration expenditure of \$500,000 to earn a 30% working interest in the property and an additional \$500,000 to earn a total interest of 60%.

### Financial Information

The following table summarizes certain financial information with respect to Wilanour for the periods indicated:

|   | Three months ended<br>March 31, |        | Year ended<br>December 31, |          |
|---|---------------------------------|--------|----------------------------|----------|
|   | 1984                            | 1983   | 1983                       | 1982     |
| (thousands of dollars, except per share amounts)                      |                                 |        |                            |          |
| Working capital deficiency, excluding bank indebtedness (1) . . . . . | \$ 410                          | \$ 483 | \$ 273                     | \$ 4,697 |
| Bank indebtedness (2) . . . . .                                       | 9,782                           | 9,142  | 9,499                      | 8,887    |
| Long-term debt (3) . . . . .  | 200                             | 192    | 200                        | 37       |
| Shareholders' equity (deficiency) . . . . .                           | (1,215)                         | 938    | (805)                      | (2,901)  |
| Loss . . . . .  | 411                             | 473    | 2,205                      | (3,021)  |
| Loss per share (dollars) . . . . .                                    | .12                             | .21    | .71                        | 1.41     |

#### Notes:

- (1) Working capital deficiency includes notes payable to Camflo secured by a \$1,000,000 floating charge debenture.
- (2) Bank indebtedness is secured by a \$10,000,000 debenture creating a first fixed and floating charge over all of Wilanour's assets, including shares of its subsidiary corporations. Wilanour is in default of certain covenants given to its bank. Accordingly, the indebtedness may, at the bank's option, immediately become due and payable and all collateral security would become enforceable.
- (3) Long-term debt substantially consists of the outstanding balance of unsecured interest-free promissory notes due February 1985 issued to unsecured creditors.

### Five Year Summary of Operating and Financial Information

The following table illustrates certain production, reserve and revenue statistics relating to Camflo's last five years of operation:

|   | Year ended December 31, |               |                |               |               |
|---|-------------------------|---------------|----------------|---------------|---------------|
|   | 1983                    | 1982          | 1981           | 1980          | 1979          |
| <b>Operating Information</b>                                  |                         |               |                |               |               |
| <b>Gold mining</b>  |                         |               |                |               |               |
| Tons milled .....   | 337,721                 | 375,856       | 433,079        | 461,931       | 471,701       |
| Mill head grade (ozs/ton) .....                               | 0.153                   | 0.182         | 0.109          | 0.116         | 0.158         |
| Ounces of gold recovered .....                                | 49,840                  | 65,234        | 44,788         | 50,478        | 70,639        |
| Ore reserves at year end (tons) (1)                           | 2,100,000               | 2,350,000     | 2,300,000      | 2,800,000     | 2,300,000     |
| Estimated mill head grade of ore reserves (ozs/ton) (1) ..... | 0.12                    | 0.121         | 0.137          | 0.136         | 0.152         |
| (1) Camflo property only                                      |                         |               |                |               |               |
| <b>Petroleum and Natural Gas</b>                              |                         |               |                |               |               |
| Production (equivalent bcf) .....                             | 3.7                     | 4.5           | 3.9            | 2.8           | 2.5           |
| Net proved reserves (equivalent bcf) .....                    | 80                      | 126           | 112            | 96            | 67            |
| <b>Financial Information</b>                                  |                         |               |                |               |               |
| Bullion production revenue .....                              | \$ 23,408,000           | \$ 29,987,000 | \$ 24,578,000  | \$ 37,253,000 | \$ 24,698,000 |
| Average gold price received (per oz.) .....                   | 470                     | 460           | 549            | 738           | 350           |
| Petroleum and natural gas production revenue .....            | 9,721,000               | 10,379,000    | 7,987,000      | 5,087,000     | 3,685,000     |
| Operating and administration expenses .....                   | 13,634,000              | 16,238,000    | 14,500,000     | 11,785,000    | 9,604,000     |
| Depreciation, depletion and amortization .....                | 2,760,000               | 2,650,000     | 2,736,000      | 1,592,000     | 1,308,000     |
| Income and resource taxes .....                               | 4,520,000               | 6,155,000     | 3,317,000      | 14,306,000    | 8,871,000     |
| Income (loss) from continuing operations .....                | 2,606,000               | 2,025,000     | (10,325,000)   | 15,859,000    | 12,505,000    |
| Loss from discontinued operations .....                       |                         |               | (13,056,000)   | (4,629,000)   | (3,013,000)   |
| Extraordinary income (loss) .....                             | 3,352,000               |               | \$(20,509,000) |               |               |
| Net income (loss) .....                                       | 5,958,000               | 2,025,000     | (43,890,000)   | 11,230,000    | 9,492,000     |
| Net income (loss) per share                                   |                         |               |                |               |               |
| Continuing operations .....                                   | .71                     | .55           | (2.83)         | 4.38          | 3.72          |
| Before extraordinary income (loss) .....                      | .71                     | .55           | (6.42)         | 3.10          | 2.82          |
| Net income (loss) .....                                       | 1.63                    | .55           | (12.06)        | 3.10          | 2.82          |
| <b>Dividends</b>  |                         |               |                |               |               |
| Dividends paid .....  |                         |               | 1,987,000      | 3,924,000     | 2,093,000     |
| Dividends paid per share .....                                |                         |               | .50            | 1.00          | .60           |
| <b>Financial Position</b>                                     |                         |               |                |               |               |
| Working capital (deficiency) .....                            | 4,395,000               | (2,094,000)   | (16,000)       | (2,899,000)   | 532,000       |
| Gold mining assets .....                                      | 2,867,000               | 2,886,000     | 3,086,000      | 2,965,000     | 2,951,000     |
| Petroleum and natural gas assets .....                        | 45,380,000              | 45,213,000    | 42,665,000     | 34,297,000    | 18,972,000    |
| Mineral exploration properties .....                          | 8,910,000               | 8,822,000     | 9,390,000      | 8,430,000     | 1,383,000     |
| Other property, plant and equipment .....                     | 1,933,000               | 2,296,000     | 2,521,000      | 2,993,000     | 1,385,000     |
| Investments .....   | 41,409,000              | 38,998,000    | 33,631,000     | 31,333,000    | 12,790,000    |
| Other Assets .....  | 1,775,000               | 1,420,000     | 2,442,000      | 1,694,000     | 1,523,000     |
| Long term liabilities .....                                   | 82,849,000              | 81,121,000    | 81,340,000     | 38,842,000    | 14,719,000    |
| Deferred revenue, taxes and minority interest .....           | 21,379,000              | 19,980,000    | 18,453,000     | 14,899,000    | 5,416,000     |
| Shareholders' equity (deficiency) .....                       | 2,441,000               | (3,560,000)   | (6,074,000)    | 40,260,000    | 25,546,000    |
| Shares Outstanding .....                                      | 4,080,857               | 4,076,057     | 4,075,057      | 4,037,857     | 3,554,107     |
| Share price   |                         |               |                |               |               |
| — high .....  | 18.25                   | 19.75         | 43.50          | 51.00         | 19.75         |
| — low .....   | 8.00                    | 3.50          | 16.25          | 15.75         | 12.75         |

## **Management's Discussion of Financial Results**

### **Three Months Ended March 31, 1984 Compared to Three Months ended March 31, 1983**

Consolidated net income for the three months ended March 31, 1984 amounted to \$930,000 or \$.25 per share compared with \$556,000 or \$.15 per share in the first quarter of 1983.

Camflo's working capital was \$4,366,000 compared with a deficiency of \$1,269,000 as at March 31, 1983. The disposition of certain corporate assets provided proceeds of \$2,417,000. These funds, together with funds from operations, reduced bank indebtedness in the quarter by \$2,984,000. Operations provided \$1,378,000 of working capital in the period compared with \$1,370,000 in the first quarter of 1983.

Gold revenue amounted to \$4.9 million from the sale of 10,298 ounces of bullion at an average price of \$479.00, including a 40% share of Malartic Hygrade production, compared with \$4.7 million from the sale of 10,510 ounces at an average price of \$450.00 in the first quarter of 1983. The increase in bullion revenue was due to the increase in the gold price received and to a higher tonnage of ore treated which, together, more than offset the slightly lower grade of ore. The operating cost per ounce produced increased from \$216.00 in the first quarter of 1983 to \$246.00 in the first quarter of 1984.

Pinson bullion revenue, representing Siscoe's 26.25% share of the Pinson gold mine in Nevada, totalled \$1,680,000 compared with \$2,057,000 in the first quarter of 1983. The mine sold 11,811 ounces of gold at an average price of U.S. \$383.00 per ounce compared with 13,841 ounces of gold averaging U.S. \$459.00 in the prior period. The cost per ounce averaged U.S. \$220.00 during the period compared with \$205.00 in 1983. Production is expected to increase in the latter part of the year.

Petroleum and natural gas revenue for the three month period was \$2,825,000 which was substantially unchanged from 1983 first quarter revenue of \$2,987,000.

In 1984 Camflo has participated in the drilling of two wells which resulted in one oil well and one gas well. The oil well qualifies under the federal New Oil Reference Price and it is anticipated that additional development drilling will commence over the next few months.

### **1983 Compared to 1982**

Net income for the year ended December 31, 1983 was \$6 million or \$1.63 per share compared with \$2 million or \$.55 per share in 1982. The 1983 results included an extraordinary gain of \$3.4 million or \$.92 per share resulting from the reversal of the unrealized portion of a provision made in 1981 for future anticipated losses on coal operations. This represents an increase in net income before extraordinary item of 29%.

Bullion and petroleum and natural gas revenues in 1983 declined by 22% from the previous year. The lower bullion production was attributable to a lower overall grade of ore treated and a lower overall tonnage of Camflo ore milled, due to the increased treatment of ore from the Malartic Hygrade Property. Petroleum and natural gas sales suffered from decreased industrial activity in 1983. The reduction in revenue was more than offset by lower costs, primarily operating and administrative expenses, interest and taxes.

Operations provided \$10,969,000 of working capital, including \$3,352,000 representing the reversal of the coal provision. Long term bank borrowings increased by \$1,728,000 during 1983. The working capital position as at December 31, 1983 increased significantly to \$4,395,000 from a deficiency of \$2,094,000 at December 31, 1982. Camflo expended \$1,920,000 on petroleum and natural gas development during the year compared with \$4,348,000 in 1982. This decrease reflects the policy of Camflo to participate in exploration activities principally through farm-out agreements.

### **1982 Compared to 1981**

Net income from continuing operations in 1982 amounted to \$2,025,000 or \$.55 per share compared with a loss in 1981 of \$10,325,000 or \$2.83 per share. In 1981 the combination of losses from the coal operations and an extraordinary write down resulted in a net loss of \$43,890,000 or \$12.06 per share.

Camflo's gold production in 1982 increased 46% to 65,234 ounces, which at an average price of \$460 per ounce generated a revenue of \$29,987,000. This compares with gold production in 1981 of 44,788 ounces generating a revenue of \$24,578,000 at an average price of \$579 per ounce. This increase in production was due primarily to the mining of a higher grade ore.

Camflo petroleum and natural gas production showed significant growth with revenues increasing 22% to \$10.4 million from \$8.9 million recorded in 1981.

During 1982 significant reductions in Camflo's capital programs were effected. Funding of subsidiary and affiliated corporation amounted to \$4.9 million during 1982 as compared with \$30.3 million in 1981. Mineral exploration and development expenditures decreased to \$650,000 in 1982 from \$5 million in 1981, as activities were restricted to the maintaining of interests in those properties which showed significant potential. Petroleum and natural gas expenditures totalled \$4.3 million in 1982 compared with \$9.3 million in 1981.

In mid-1982 Camflo suspended direct investment in the exploration for and development of petroleum and natural gas interests. Rights in ongoing programs are being farmed out.

### **1981 Compared to 1980**

Camflo recorded a loss in 1981 of \$43,890,000 or \$12.06 per share including an extraordinary loss on discontinuance of coal operations of \$20,509,000 or \$5.64 per share compared to net income in 1980 of \$11,230,000 or \$3.10 per share.

Gold production decreased 11% in 1981 to 44,788 ounces generating a revenue of \$24.6 million, which was equivalent to an average price of \$549 per ounce. This compares with a production of 50,478 in 1980 at a record revenue of \$37.3 million; equivalent to an average price of \$738 per ounce. The decline in production resulted from the required mining sequences necessary to allow for the proper exploration and development of the upper level of the Malartic Hygrade ore zone.

Revenue from petroleum and natural gas interests in 1981 increased 57% over 1980 to \$8.9 million.

During 1981 Camflo absorbed a loss of \$13.1 million from the coal operations compared with a loss of \$4.6 million the previous year, reflecting the acquisition in late 1980 of the interests of the other 50% partner in the coal operations.

The 1981 results were also adversely affected by significantly higher interest costs for the year, which amounted to \$13.1 million compared with \$4.2 million in 1980. This increase was the result of persistently high interest rates on the increased debt.

Further to the coal losses, Camflo wrote off its investment in Wilanour as well as certain other exploration projects, which together totalled \$10,209,000.

Camflo's funding sources in 1981 were substantially from bank borrowings, which increased during the year by \$44 million and \$8.2 million from operations. These funds were applied to expenditures on Wilanour's Red Lake properties in the amount of \$8.3 million and financing of the coal operation in the amount of \$16.9 million. Advances to Siscoe to assist in funding the geothermal programs and acquisition of shares of Siscoe totalled \$5 million. Petroleum and natural gas interests were increased by \$9.3 million, \$2.6 million of operating fixed assets were acquired, and \$5 million was expended on exploration properties. The working capital deficiency of \$2.9 million at December 31, 1980 was substantially eliminated by 1981 year end.

### **Principal Shareholders**

As at June 13, 1984 Siscoe beneficially owned 756,600 shares of Camflo which represent approximately 18.7% of the outstanding shares; Bob-Clare and associates owned 923,000 shares of Camflo which represent approximately 22.6% of the outstanding shares. No other person or corporation is known to management to own beneficially directly or indirectly, or exercise control or direction over more than 10% of the shares of Camflo.

## Management

### Directors and Officers

The names and municipalities of residence of the directors and officers of Camflo, the offices in Camflo presently held by them and their principal occupations during the past five years are as follows:

| <u>Name and Municipality<br/>of Residence</u>   | <u>Office</u>                          | <u>Principal Occupation</u>   |
|---|--|---|
| STANLEY J. CHAD. ....<br>Calgary, Alberta       | Director                               | Petroleum Engineer, President, Signalta Resources Limited   |
| ROBERT E. FASKEN .....<br>Oakville, Ontario     | Director, Chairman<br>of the Board     | Chairman of Camflo Mines Limited since March, 1979 and prior thereto Vice-President   |
| WILLARD J. L'HEUREUX .....<br>Toronto, Ontario  | Director                               | Partner, Tory, Tory, DesLauriers & Binnington and since September, 1983 Senior Vice-President, Hees International Corporation   |
| H. EDWARD MCCLENAGHAN .....<br>Calgary, Alberta | Director                               | Business consultant since August, 1981; prior thereto Senior Vice-President, Global Energy, The Royal Bank of Canada since 1980; prior thereto Senior Vice-President, The Royal Bank of Canada  |
| BRIAN K. MEIKLE .....<br>Oakville, Ontario      | Director, Vice-President<br>Operations | Vice-President Operations, Camflo Mines Limited   |
| ROBERT M. SMITH .....<br>Oakville, Ontario      | Director<br>President                  | President, Camflo Mines Limited since March, 1979 and prior thereto Vice-President, Operations  |
| BRUCE VERCHERE .....<br>Montreal, Quebec        | Director                               | Senior Partner, Verchere, Noel & Eddy   |
| JOHN C. CHARLES .....<br>Islington, Ontario     | Executive Vice-President               | Executive Vice-President, Camflo Mines Limited since February, 1984 and President of La Luz Mines Limited since September, 1983; prior thereto Executive Vice-President of La Luz Mines Limited since June, 1982; prior thereto Vice-President, Bob-Clare Investments Limited since 1981; prior thereto Vice-President Finance, Iona Developments Corporation since 1980; prior thereto Account Executive, A. E. Ames & Co. |
| RONALD R. LANTHIER .....<br>Aurora, Ontario     | Senior Vice-President                  | Senior Vice-President, Camflo Mines Limited since November, 1981, President of Robt. R. Bramhall and Associates (Canada) Limited (management consulting company) from December, 1980 to November, 1981 and prior to December 1980 President of Lanco Management Limited (management consulting company)   |
| MEREDYTH E. HOLT .....<br>Mississauga, Ontario  | Vice-President Exploration             | Vice-President Exploration, Camflo Mines Limited  |

| <u>Name and Municipality<br/>of Residence</u>      | <u>Office</u>                | <u>Principal Occupation</u>   |
|--|------------------------------|---|
| DONALD A. ENGLE.....<br>Calgary, Alberta           | Vice-President Oil and Gas   | Vice-President Oil and Gas, Camflo Mines Limited since July, 1982; President, Neomar Resources Limited since December, 1979 prior thereto General Manager Anadarko Petroleum of Canada Ltd. |
| WILLIAM R. ROBERTSON .....<br>Mississauga, Ontario | Vice-President and Secretary | Vice-President and Secretary of Camflo Mines Limited since June, 1981; Secretary from 1980 to June, 1981 and prior thereto Secretary of associated companies of Falconbridge Limited        |
| ROBERT D. SHERMAN.....<br>Toronto, Ontario         | Treasurer                    | Treasurer, Camflo Mines Limited since April, 1982 and prior thereto Assistant Treasurer and Comptroller   |
| JACK A. AMORMINO.....<br>Etobicoke, Ontario        | Comptroller                  | Comptroller, Camflo Mines Limited since April, 1982; Assistant Comptroller from May, 1980 to April, 1982 and prior thereto chartered accountant, Thorne Riddell                             |

#### Remuneration of Directors and Officers

The following table sets out the remuneration paid by Camflo and its subsidiaries to the directors and officers of Camflo for Camflo's last completed financial year:

|   | <u>Nature of Remuneration</u> |                  |
|---|-------------------------------|------------------|
|   | <u>Salary</u>                 | <u>Pension</u>   |
| <b>Directors (7)</b>  |                               |                  |
| (A) From the Corporation .....  | \$ 24,000                     | Nil              |
| (B) From partially owned subsidiary: La Luz Mines Limited .....       | Nil                           | Nil              |
| (C) From partially owned subsidiary: Neomar Resources Limited .....   | 7,500                         | Nil              |
| (D) From partially owned subsidiary: Wilanour Resources Limited ..... | Nil                           | Nil              |
| Total .....   | <u>\$ 31,500</u>              | <u>Nil</u>       |
| <b>Five Senior Officers</b>   |                               |                  |
| (A) From the Corporation .....  | \$447,830                     | \$ 56,874        |
| (B) From partially owned subsidiary: La Luz Mines Limited .....       | 39,553                        | Nil              |
| (C) From partially owned subsidiary: Wilanour Resources Limited ..... | 15,935                        | Nil              |
| Total .....   | <u>\$503,318</u>              | <u>\$ 56,874</u> |
| <b>Officers with Remuneration over \$50,000</b>                       |                               |                  |
| (A) From the Corporation .....  | \$627,300                     | \$ 79,667        |
| (B) From partially owned subsidiary: La Luz Mines Limited .....       | 116,148                       | Nil              |
| (C) From partially owned subsidiary: Wilanour Resources Limited ..... | 120,411                       | Nil              |
| (D) From partially owned subsidiary: Neomar Resources Limited .....   | 101,543                       | 12,896           |
| Total .....   | <u>\$965,402</u>              | <u>\$ 92,563</u> |

#### Stock Option Plan

In September 1979, Camflo created a Stock Option Plan for the officers and full-time employees of Camflo and its subsidiaries. The said Stock Option Plan as amended permits the directors in their discretion to grant options to such officers and full-time employees to purchase shares of Camflo which shall be exercisable in the case of each grant within such time and at such purchase price as the Board of Directors shall determine provided the

exercise period may not exceed three years and the exercise price may not be less than 90% of the market price of the shares at the date of the grant of option. At the date hereof stock options to purchase an aggregate of 235,400 common shares of Camflo are outstanding, details of which are set forth in the table below:

| <u>Optionee</u> | <u>Date of Grant</u> | <u>Number of<br/>Common Shares</u> | <u>Exercise<br/>Price</u> | <u>Expiry Date</u> |
|-----------------|----------------------|------------------------------------|---------------------------|--------------------|
| Employee .....  | November 23, 1981    | 21,000                             | \$ 9.00                   | November 22, 1984  |
| Employees.....  | September 15, 1982   | 127,600                            | 9.00                      | September 14, 1985 |
| Employees.....  | October 13, 1982     | 8,000                              | 10.125                    | October 12, 1985   |
| Employees.....  | April 12, 1983       | 25,500                             | 11.925                    | April 11, 1986     |
| Employees.....  | March 2, 1984        | 53,300                             | 11.75                     | March 1, 1987      |

#### **Indebtedness of Directors and Officers**

Since the beginning of the last completed financial year of Camflo, the following directors and senior officers were indebted to Camflo for interest free loans, secured by the pledge of shares of Camflo to the maximum amount as set forth after their names, the amount currently outstanding being indicated in brackets: R. D. Sherman \$56,240 (\$56,240), W. R. Robertson \$44,375 (\$44,375), R. E. Fasken \$243,200 (\$243,200), R. M. Smith \$212,800 (\$212,800) and B. K. Meikle \$74,812 (Nil).

#### **Interest of Management and Others in Material Transactions and Matters to be Acted Upon**

Robert E. Fasken ("Fasken") is currently Chairman of the Board of Camflo and is an officer and/or director of many of its subsidiaries and other associated companies. Fasken has existing arrangements with Camflo and Siscoe (a company 43.7% owned by Camflo) which include a deferred compensation plan. This plan provides him with a retirement allowance of approximately \$110,000 per year until his death. These arrangements also provide that, if Fasken is survived by his wife or dependent children under the age of 21, two thirds of this annual amount is to be paid to his wife or dependent children for the remainder of her life or until they reach the age of 21. Barrick and Camflo have agreed that these arrangements will be replaced with a new agreement to take effect upon the Amalgamation. Under the new agreement, Fasken will retire and will be paid, for the first two years after his retirement, \$110,000 per annum and, for the remainder of his life, an amount which, together with the amount paid to him under the Camflo or Siscoe pension plans, is \$140,000 per annum. If Fasken's wife survives him, two-thirds of the annual amount will be payable to her for the balance of her life.

Fasken has been an employee or senior executive of Camflo and/or many of its affiliates for approximately 20 years. He has an extensive knowledge of the assets and affairs of these companies as well as the gold mining industry in North America in general and both Barrick and Camflo regard it as important to Amalco to have his services available following the Amalgamation. Accordingly, Fasken has agreed to act as a consultant to and a director of Amalco for a period of two years commencing immediately after the effective date of his retirement for an annual remuneration of \$190,000. This agreement is renewable thereafter on mutual agreement.

Fasken and his wife are preference shareholders of Bob-Clare and in that capacity, directly or indirectly, may ultimately be entitled to receive up to approximately \$925,000 of the \$2,000,000 of First Preferred Shares, Series B of Amalco to be issued to the shareholders of Bob-Clare on the Amalgamation.

It is a condition of the Amalgamation Agreement that, immediately prior to the Amalgamation, the only assets of Bob-Clare will be 910,000 common shares of Camflo, unclaimed tax deductions and losses amounting to at least \$15 million and certain oil and gas properties and that the only liabilities of Bob-Clare will be indebtedness to its bankers amounting in the aggregate to \$26,277,000. See "Bob-Clare Investments Limited". Bob-Clare is currently being reorganized to comply with this condition. A number of Camflo shares now held by Fasken and related parties (referred to herein as "Fasken interests") other than Bob-Clare, will be transferred to Bob-Clare so that Bob-Clare will be in possession of 910,000 shares of Camflo immediately prior to the Amalgamation. Further, various other assets of Bob-Clare which are not to be included in the Amalgamation will be removed from Bob-Clare. These assets will be transferred to various Fasken interests in consideration of the assumption by those Fasken interests of all liabilities of Bob-Clare other than the \$26,277,000 of bank indebtedness which will be permitted to pass through the Amalgamation to Amalco and the approximately \$7,358,000 of indebtedness to the Royal Bank which is to be cancelled, as indicated below. Among the assets to be transferred to the Fasken interests will be approximately 64% of the issued and outstanding shares of Grandad Resources Limited ("Grandad"). Grandad is presently indebted to the Royal Bank and \$1,100,000 of such indebtedness is guaranteed by Bob-Clare.

In order to release Bob-Clare from this guarantee (which must occur if the Amalgamation is to proceed), Fasken and the Robert E. Fasken Family Trust (the "Trust") have agreed to guarantee this \$1,100,000 to the Royal Bank in place of the guarantee by Bob-Clare. For its part, the Royal Bank has agreed to cancel indebtedness of the Trust to it in the amount of \$700,000.

It is estimated that as at July 15, 1984 Bob-Clare's indebtedness to the Royal Bank would amount to approximately \$31,435,000 and to another Canadian chartered bank would amount to approximately \$2,200,000. As stated above, it is a condition of the Amalgamation that, immediately prior to the Amalgamation, the only liabilities of Bob-Clare will be indebtedness to the Royal Bank of \$24,077,000 and to another bank of \$2,200,000. In the course of negotiations with the Royal Bank, Barrick advised the Royal Bank that the transaction could not proceed unless the indebtedness of Bob-Clare to the Royal Bank (and, accordingly, the indebtedness which would flow through to Amalco from Bob-Clare) was reduced to \$24,077,000. Accordingly, conditional upon it being clear that the Amalgamation will proceed, the Royal Bank has agreed to cancel the balance of the indebtedness of Bob-Clare to the Royal Bank over and above \$24,077,000.

Bruce Verchere, a director and shareholder of Camflo, is a senior partner of Verchere, Noel & Eddy, counsel to Bob-Clare.

Messrs. Fasken and Verchere disclosed their respective interests and refrained from voting on any matters relating to the Amalgamation.

### Description of Share Capital

The authorized capital of Camflo consists of 5,000,000 common shares of which, as at May 31, 1984, 4,091,357 were issued and outstanding.

### Dividend Record

Camflo has paid dividends on its outstanding common shares during the five years ended December 31, 1983 as follows: 1979, \$0.60 per share; 1980, \$1.00 per share; 1981, \$0.50 per share; 1982, Nil; 1983, Nil.

### Price Range and Trading Volume of Camflo Common Shares

The common shares of Camflo are listed on the Toronto and Montreal stock exchanges. The following table sets forth the high and low prices of the common shares and volume traded on The Toronto Stock Exchange (where the bulk of trading volume occurs) for each calendar quarter since the first quarter of 1981 and on a monthly basis since January 1, 1984:

| <u>Period</u>        | <u>High</u> | <u>Low</u> | <u>Volume</u> |
|----------------------|-------------|------------|---------------|
| <b>1982</b>          |             |            |               |
| First Quarter .....  | \$19½       | \$9½       | 334,508       |
| Second Quarter ..... | 11½         | 3½         | 547,797       |
| Third Quarter .....  | 11¾         | 4¾         | 718,103       |
| Fourth Quarter ..... | 15%         | 9½         | 552,953       |
| <b>1983</b>          |             |            |               |
| First Quarter .....  | 18¾         | 10½        | 777,893       |
| Second Quarter ..... | 16¾         | 12¾        | 336,552       |
| Third Quarter .....  | 14¾         | 10¾        | 185,045       |
| Fourth Quarter ..... | 12¾         | 8          | 276,486       |
| <b>1984</b>          |             |            |               |
| January .....        | 10          | 9          | 45,137        |
| February .....       | 12¾         | 9½         | 115,585       |
| March .....          | 13¾         | 11¾        | 112,970       |
| April .....          | 12¾         | 10         | 70,995        |
| May .....            | 11          | 9½         | 253,586       |
| June 1-14 .....      | 12          | 10½        | 58,858        |



On May 11, 1984, the last trading day prior to the announcement of the proposed Amalgamation of Barrick, Camflo and Bob-Clare and related transactions, the last board lot sale price of common shares of Camflo on The Toronto Stock Exchange was \$10 $\frac{1}{4}$ .

#### **Material Contracts**

The following are the only material contracts, other than contracts entered into in the ordinary course of business, which have been entered into by Camflo or any of its subsidiaries within the two years preceding the date hereof or which are proposed:

- (a) the Amalgamation Agreement dated as of June 14, 1984;
- (b) the loan agreement to be entered into among Barrick, Camflo, Bob-Clare and the Royal Bank referred to under "Restructuring of Bank Debt";
- (c) the Warrant Indenture to be entered between Camflo and National Trust Company, Limited referred to under "Restructuring of Bank Debt"; and
- (d) the Heads of Agreement dated May 14, 1984 entered into by Barrick, Camflo, Bob-Clare, the Royal Bank and the Shareholders of Bob-Clare referred to under "Restructuring of Bank Debt".

Copies of the foregoing contracts, other than those which are proposed, are available for inspection during regular business hours at the offices of Camflo until July 11, 1984.

#### **Registrar and Transfer Agent**

The registrar and transfer agent for Camflo's common shares is The Canada Trust Company at its principal offices at Toronto and Montreal.

#### **Auditors**

Camflo's auditors are Thorne Riddell, Commercial Union Tower, P.O. Box 262, Toronto-Dominion Centre, Toronto, Ontario M5K 1J5.

## BOB-CLARE INVESTMENTS LIMITED

Bob-Clare Investments Limited ("Bob-Clare") is the corporation resulting from the amalgamation under the Business Corporations Act (Ontario), effective December 31, 1981, of the former Bob-Clare Investments Limited and Argyle Leasing Limited. The head office of Bob-Clare is located at Suite 3001, South Tower, Royal Bank Plaza, Toronto, Ontario, M5J 2J1.

Bob-Clare is a private family holding corporation. Currently Bob-Clare holds investments in a number of public corporations and interests in real estate properties located in Canada and the United States as well as the assets described below under "Business and Properties." However, it is a condition of the Amalgamation Agreement that, immediately prior to the Amalgamation, the only assets of Bob-Clare will be 910,000 shares of Camflo, tax deductions of at least \$15,000,000 and the oil and gas interests referred to below and the only liabilities of Bob-Clare will be indebtedness to its bankers amounting to \$26,277,000 in the aggregate. Bob-Clare is currently in the course of being reorganized in order to comply with this condition. See "Camflo — Interests of Management and Others in Material Transactions and Matters to be Acted Upon." Since, immediately prior to the Amalgamation, Bob-Clare will only have the above referred to assets and liabilities, the following disclosure relating to Bob-Clare is presented on a pro-forma basis assuming that the transactions necessary to reorganize Bob-Clare accordingly shall have been completed.

### Petroleum and Natural Gas Interests

Most of Bob-Clare's oil and gas interests are in properties in which Camflo also holds an interest although Bob-Clare does not participate in all oil and gas properties in which Camflo holds an interest.

### Signalta Joint Venture

Bob-Clare participated in joint ventures operated by Signalta Resources Limited from April 1977 to December 31, 1980 and as a result currently holds working interests ranging from 1½% to 15% in approximately 122 producing wells. The majority of these wells are in the gas contract area of east central Alberta. Bob-Clare also holds as a result of such participation: (i) interests ranging from 1½% to 15% in undrilled acreage comprising approximately 110,000 gross and 8,000 net acres; and (ii) working interests ranging from about 1% to about 9% in four gas plants from which processing revenues are received. The Forestburg Plant in which Bob-Clare holds a .77% interest is currently being expanded in capacity.

### West Viking Area, Alberta

Bob-Clare holds an approximately 14% interest in a unit which owns nine producing wells, eight shut-in wells and a gas plant. Bob-Clare also holds working interests ranging from 2% to 42% in five other wells in the West Viking Area of which two are producing wells.

### Production Volumes

The following table indicates certain information relating to Bob-Clare's oil and gas production volumes over the last five years:

| <u>Year</u> | <u>Oil &amp; Gas Production (1)</u> |
|-------------|-------------------------------------|
|             | (mmcf)                              |
| 1983 .....  | 393                                 |
| 1982 .....  | 501                                 |
| 1981 .....  | 512                                 |
| 1980 .....  | 519                                 |
| 1979 .....  | 443                                 |

Note:

(1) Gas production together with oil production converted at net equivalent values.

## Reserves

The following table summarizes Bob-Clare's net share of oil and gas reserves as at December 31, 1983 based on reports prepared by Degolyer and MacNaughton, Dallas, Texas and Matsalla Consulting (1981) Ltd., Calgary, Alberta.

|                   | Proved (1)                    |              | Probable (2) |            | Total         |               |
|-------------------|-------------------------------|--------------|--------------|------------|---------------|---------------|
|                   | Oil                           | Gas          | Oil          | Gas        | Oil           | Gas           |
|                   | (barrels of oil, mmcf of gas) |              |              |            |               |               |
| Signalta .....    | 30,787                        | 6,889        | —            | 600        | 30,787        | 7,489         |
| West Viking ..... | —                             | 2,842        | —            | 28         | —             | 2,870         |
| Total .....       | <u>30,787</u>                 | <u>9,731</u> | <u>—</u>     | <u>628</u> | <u>30,787</u> | <u>10,359</u> |

### Notes:

- (1) Proved — Reserves that have been proved to a high degree of certainty by analysis of the producing history of a reservoir and/or by volumetric analysis of adequate geological and engineering data. Commercial productivity has been established by actual production, successful testing, or in certain cases by favorable core analyses and electrical-log interpretation when the producing characteristics of the formation are known from nearby fields. Volumetrically, the structure, areal extent, volume, and characteristics of the reservoir are well defined by a reasonable interpretation of adequate subsurface well control and by known continuity of hydrocarbon-saturated material above known fluid contacts, if any, or above the lowest known structural occurrence of hydrocarbons.
- (2) Probable — Reserves susceptible of being proved that are based on reasonable evidence of producible hydrocarbons within the limits of a structure or reservoir above known or inferred fluid contacts but are defined to a lesser degree of certainty because of more limited well control and/or the lack of definitive production tests. Probable reserves may include extensions of proved reservoirs or other reservoirs that have not been tested at commercial rates of flow.

## Future Net Cash Flow

The following table summarizes the future net cash flow from Bob-Clare's oil and gas reserves as at December 31, 1983 based on the reports referred to under "Reserves" above.

|                   | Undiscounted           | Discounted at   |                 |
|-------------------|------------------------|-----------------|-----------------|
|                   |                        | 10%             | 15%             |
|                   | (thousands of dollars) |                 |                 |
| Signalta .....    | \$22,764               | \$ 7,560        | \$ 6,125        |
| West Viking ..... | <u>9,405</u>           | <u>2,785</u>    | <u>1,844</u>    |
|                   | <u>\$32,169</u>        | <u>\$10,345</u> | <u>\$ 7,969</u> |

### Basic Engineering Evaluation Assumptions

1. Gas Prices  
Current prices of \$2.90/mcf for the Signalta properties and \$2.60/mcf for the West Viking properties have been escalated to \$6.50/mcf in the year 2000 and held constant thereafter.
2. Costs  
Operating and capital costs were escalated at 6% per annum during the period that gas prices were escalated.

It should not be assumed that the estimated values of future net cash flow represent the fair market value of the reserves.

## Other Interests

Immediately prior to the Amalgamation, the only other properties or interests of Bob-Clare will be 910,000 common shares of Camflo and unclaimed tax deductions and tax losses amounting to at least \$15,000,000. Reference is made to "Determination of Share Exchange Ratios and Fairness Opinions."

## Financial Information

Because Bob-Clare is a private corporation, its shareholders have not considered it appropriate in recent years to incur the expense of having audited financial statements. Furthermore, as Bob-Clare is in the course of reorganization and as it is a condition of the Amalgamation that Bob-Clare's only assets and liabilities be those specified above, it would not in any event be meaningful to present historical financial information with respect to Bob-Clare. Due to the reorganization and given the nature of the assets and liabilities of Bob-Clare immediately prior to the Amalgamation, it would be impractical to present any financial information with respect to such assets, even on a pro-forma basis, other than a balance sheet which is presented elsewhere in this document. However, for the assistance of shareholders, the following table sets out certain financial information with respect to the only

operating assets to be held by Bob-Clare immediately prior to the Amalgamation, being the oil and gas interests described under "Business and Properties" above.

|   | <u>Three months ended</u><br><u>March 31, 1984</u> | <u>Year ended</u><br><u>December 31, 1983</u> |
|---|--|---|
| Revenue .....                                   | \$405,354  | \$1,027,751                                   |
| Expenses .....                                  | 178,108  | 454,564                                       |
| Working capital generated from operations ..... | 263,746  | 641,526                                       |

#### **Principal Shareholders**

Immediately prior to the Amalgamation, all of the shares of Bob-Clare will be beneficially owned by a holding corporation. All of the voting shares of this holding corporation will be beneficially owned by The Robert E. Fasken Family Trust, which was created for the benefit of the children of Robert E. Fasken. The trustees of the trust are F. W. Gibson, Q.C., Warren Armstrong, Q.C., and David Black, Q.C.

#### **Directors and Officers**

The names and municipalities of residence of the directors and officers of Bob-Clare, the offices in Bob-Clare currently held by them and their principal occupations during the past five years are as follows:

| <u>Name and municipality</u><br><u>of residence</u> | <u>Office</u>               | <u>Principal occupation</u>  |
|---|-----------------------------|--|
| ROBERT H. FASKEN .....<br>Mississauga, Ontario      | President and Director      | President of Bob-Clare   |
| D. MITCHELL FASKEN .....<br>                        | Vice-President and Director | Vice-President of Bob-Clare  |
| DAVID D. BLACK, Q.C. ....<br>Toronto, Ontario       | Secretary                   | Partner, Messrs. Black & McMahon, Barristers<br>and Solicitors and predecessor firms |

#### **Description of Share Capital**

Immediately prior to the Amalgamation, the authorized capital of Bob-Clare will consist of an unlimited number of common shares.

#### **Material Contracts**

The following are the only material contracts, other than contracts entered into in the ordinary course of business, to which Bob-Clare will be a party immediately prior to the Amalgamation:

- (a) the Amalgamation Agreement dated as of June 14, 1984;
- (b) the Heads of Agreement between Barrick, Camflo, Bob-Clare, the Royal Bank and certain shareholders of Bob-Clare referred to under "Restructuring of Bank Debt";
- (c) the loan agreements to be entered into among Barrick, Camflo, Bob-Clare and the Royal Bank as referred to under "Restructuring of Bank Debt"; and
- (d) agreements relating to the reorganization of Bob-Clare referred to above.

## AMALCO

Amalco, which will be called "Barrick Resources Corporation", will continue the current businesses of Barrick, Camflo and Bob-Clare, substantially as described elsewhere in this Information Booklet.

### Future Plans

Amalco will continue the basic corporate strategies of Barrick with respect to the investment in gold properties and oil and gas assets in order to provide a balanced asset base plus significant growth potential.

One of the principal strategies with respect to gold properties will be to attempt to reduce Amalco's consolidated debt and to raise further equity capital by royalty trust or other gold interest financings similar to The Barrick-Cullaton Gold Trust referred to under "Barrick — Gold Properties". See also "Barrick — Corporate Strategy".

Management of Amalco will also be examining other means of rationalizing Amalco's debt which may include the disposition of assets which do not fit in with Amalco's long-term business plans.

### Management

#### Directors and Officers

The names and municipalities of residence of the proposed directors and officers of Amalco, the offices of Amalco to be held by them and their principal occupations during the past five years are as follows:

| <u>Name and municipality of residence</u>       | <u>Office</u>   | <u>Principal Occupation</u>   |
|---|---|---|
| HOWARD L. BECK, Q.C. ....<br>Toronto, Ontario   | Director  | Partner, Davies, Ward & Beck<br>(barristers & solicitors)   |
| C. WILLIAM D. BIRCHALL. ....<br>Nassau, Bahamas | Director  | Director, Barrick Investments Limited   |
| STEPHEN R. DATTELS .....<br>Toronto, Ontario    | Executive Vice-President,<br>Corporate Finance and Director | Executive Vice-President, Barrick; prior<br>to August, 1983, Vice President,<br>Barrick; prior to May, 1983, Vice<br>President, Barrick Petroleum; prior to<br>February, 1982, Vice President and<br>General Counsel, Venturetek<br>International Limited |
| ROBERT E. FASKEN .....<br>Oakville, Ontario     | Director  | Executive   |
| DAVID H. GILMOUR. ....<br>Nassau, Bahamas       | Director  | Vice-Chairman, Barrick<br>Investments Limited   |
| JOHN P. HOLMES .....<br>New York, New York      | Director  | President, Holmes, Ferguson & Co.   |
| ESSAM KHASHOGGI .....<br>London, England        | Director  | Chairman and Chief Executive Officer,<br>Triad International Corporation  |
| GARY J. LAST .....<br>Toronto, Ontario          | President and Chief<br>Executive Officer and Director       | President, Barrick; prior to May, 1983,<br>President, Barrick Petroleum; prior to<br>November, 1982, Chairman,<br>Clarion Petroleums Ltd.   |
| PETER MUNK .....<br>Toronto, Ontario            | Chairman and Director                                       | Chairman, Barrick Investments Limited   |
| P. ANTHONY NOVELLY .....<br>St. Louis, Missouri | Director  | President and Chief Executive Officer,<br>Apex Oil Company  |
| JOSEPH L. ROTMAN .....<br>Toronto, Ontario      | Director  | President, Roy-L Resources Limited,<br>Chairman and Director,<br>Geocrude Energy Inc.   |
| NORMAN J. SHORT.....<br>Toronto, Ontario        | Director  | President and Director Guardian Capital<br>Group Limited  |

| <u>Name and municipality<br/>of residence</u>          | <u>Office</u>                      | <u>Principal Occupation</u>  |
|--|------------------------------------|--|
| JOHN C. CHARLES . . . . .<br>Islington, Ontario        | Executive Vice-President, Energy   | Executive Vice-President Camflo Mines Limited since February, 1984 and President of La Luz Mines Limited since September, 1983; prior thereto Executive Vice-President of La Luz Mines Limited since June, 1982; prior thereto Vice-President, Bob-Clare Investments Limited since 1981; prior thereto Vice-President Finance, Iona Developments Corporation since 1980; prior thereto Account Executive, A. E. Ames & Co. |
| ROBERT M. SMITH . . . . .<br>Oakville, Ontario         | Executive Vice-President, Mining   | President, Camflo Mines Limited since March, 1979 and prior thereto Vice-President, Operations   |
| JEREMY GARBUTT . . . . .<br>Toronto, Ontario           | Vice President, Finance            | Vice President, Barrick; prior to May, 1983, Vice President, Barrick Petroleum; prior to October, 1980, Group Financial Controller, Barrick Group  |
| MEREDYTH E. HOLT . . . . .<br>Mississauga, Ontario     | Vice-President, Mining Exploration | Vice-President Exploration, Camflo Mines Limited   |
| RONALD LANTHIER . . . . .<br>Aurora, Ontario           | Vice-President                     | Senior Vice-President, Camflo Mines Limited since November, 1981, President of Robt. R. Bramhall and Associates (Canada) Limited (management consulting company) from December, 1980 to November, 1981 and prior to December, 1980 President of Lanco Management Limited (management consulting company)   |
| BRIAN K. MEIKLE . . . . .<br>Oakville, Ontario         | Vice-President, Mining Operations  | Vice-President Operations, Camflo Mines Limited  |
| WILLIAM R. ROBERTSON . . . . .<br>Mississauga, Ontario | Vice-President and Secretary       | Vice-President and Secretary of Camflo Mines Limited since June, 1981, Secretary from 1980 to June, 1981 and prior thereto Secretary of associated companies of Falconbridge Limited   |
| JACK A. AMORMINO . . . . .<br>Etobicoke, Ontario       | Comptroller                        | Comptroller, Camflo Mines Limited since April, 1982; Assistant Comptroller from May, 1980 to April, 1982 and prior thereto chartered accountant, Thorne Riddell  |
| ALAN HILL . . . . .<br>Scarborough, Ontario            | Director of Mining Engineering     | Director of Engineering, Camflo Mines Limited since January, 1981 and prior thereto Mining Engineer, D. S. Robertson & Associates Ltd.   |
| ROBERT D. SHERMAN . . . . .<br>Toronto, Ontario        | Treasurer                          | Treasurer, Camflo Mines Limited since April, 1982 and prior thereto Assistant Treasurer and Comptroller  |

### Consolidated Capitalization

The following table sets out the consolidated capitalization as at March 31, 1984 of Barrick, Camflo and Bob-Clare, respectively, prior to completion of the Amalgamation, and of Amalco on a pro-forma basis after giving effect to the Amalgamation and related transactions:

|                           | Before Amalgamation            |                               |                            | Pro-forma<br>after<br>Amalgamation |
|---------------------------|--------------------------------|-------------------------------|----------------------------|------------------------------------|
|                           | Barrick (1)                    | Camflo (2)                    | Bob-Clare (3)              | Amalco (4)                         |
|                           | (thousands of dollars)         |                               |                            |                                    |
| Debt                      |                                |                               |                            |                                    |
| Bank loans                | \$ 910                         | \$ 69,519                     | \$ 26,277                  | \$ 70,429                          |
| Bank production loan      | —                              | 9,000                         | —                          | 9,000                              |
| Due to a related company  | 3,197                          | —                             | —                          | 3,197                              |
| Other loans               | 500                            | 1,346                         | —                          | 1,846                              |
|                           | <u>\$ 4,607</u>                | <u>\$ 79,865</u>              | <u>\$ 26,277</u>           | <u>\$ 84,472</u>                   |
| Shareholders' equity (5)  |                                |                               |                            |                                    |
| First preferred shares    |                                |                               |                            |                                    |
| Authorized                | unlimited                      | —                             | —                          | unlimited                          |
| Issued — Series A         | \$ 783<br>(412,423 shs.)       | —                             | —                          | \$ 783<br>(412,423 shs.)           |
| — Series B                | —                              | —                             | —                          | \$ 2,000<br>(952,381 shs.)         |
| Second preferred shares   |                                |                               |                            |                                    |
| Authorized                | unlimited                      | —                             | —                          | unlimited                          |
| Issued — Series A         | \$ 1,012<br>(416,858 shs.)     | —                             | —                          | \$ 1,012<br>(416,858 shs.)         |
| Preferred shares, Class A |                                |                               |                            |                                    |
| Authorized                | —                              | —                             | 404,214 shs.               | —                                  |
| Issued                    | —                              | —                             | \$ 404<br>(404,214 shs.)   | —                                  |
| Preferred shares, Class B |                                |                               |                            |                                    |
| Authorized                | —                              | —                             | 100 shs.                   | —                                  |
| Issued                    | —                              | —                             | \$ 502<br>(100 shs.)       | —                                  |
| Preferred shares, Class C |                                |                               |                            |                                    |
| Authorized                | —                              | —                             | 1,000,000 shs.             | —                                  |
| Issued                    | —                              | —                             | \$ 1,053<br>(105,294 shs.) | —                                  |
| Common shares             |                                |                               |                            |                                    |
| Authorized                | unlimited                      | 5,000,000 shs.                | 1,000,000 shs.             | unlimited                          |
| Issued                    | \$ 46,416<br>(58,000,685 shs.) | \$ 11,437<br>(4,087,357 shs.) | \$ 66<br>(10,000 shs.)     | \$ 124,182<br>(95,032,094 shs.)    |
| Warrants                  | —                              | —                             | —                          | \$ 3,000<br>(6,000,001 warrants)   |
| Deficit                   | <u>\$ (8,176)</u>              | <u>\$ (2,323)</u>             | <u>\$ (13,822)</u>         | <u>\$ (8,176)</u>                  |
|                           | <u>\$ 40,035</u>               | <u>\$ 9,114</u>               | <u>\$ (11,797)</u>         | <u>\$ 122,801</u>                  |

**Notes:**

- (1) Details of debt and security therefor and authorized and issued share capital of Barrick are provided in the notes to the Barrick consolidated financial statements.
- (2) Details of debt and security therefor and authorized and issued share capital of Camflo are provided in the notes to the Camflo consolidated financial statements.
- (3) Details of debt and authorized and issued share capital of Bob-Clare are shown after giving effect to the reorganization of Bob-Clare as described under "Bob-Clare Investments Limited".
- (4) Pro-forma share capital of Amalco is based upon the transactions described in Note 1 to the Amalco pro-forma consolidated financial statements. To the extent that holders of First Preferred Shares, Series A and B and the holders of warrants exercise the right to convert into or subscribe for common shares, the issued share capital attributed to First Preferred Shares, Series A and B and warrants will decrease and that attributable to common shares will increase by \$1.90 and \$2.10 and \$2.10 per share, respectively.
- (5) Between March 31, 1984 and May 31, 1984 156,536 First Preferred Shares, Series A were converted to common shares and 114,550 Second Preferred Shares, Series A were redeemed for an aggregate of \$278,000.



### **Stock Option Plan**

Upon the Amalgamation becoming effective, the existing stock options granted to officers and employees of Camflo and officers of Barrick and their respective subsidiaries will be exchanged for new options adjusted on a basis to reflect the share exchange ratio inherent in the Amalgamation.

In addition, it is proposed that a new stock option plan (the "Plan") be established for directors, officers and key employees of Amalco and its subsidiaries. Management believes that such a plan will attract, retain and motivate directors, officers and key employees of Amalco by providing them with the opportunity, through share options, to acquire an increased proprietary interest in Amalco. The board of directors of each of Camflo and Barrick have approved the Plan.

Pursuant to the Plan, a committee consisting of three members of the board of directors of Amalco will administer the Plan. In respect of any option, the Committee will determine, in accordance with the provisions of the Plan, the number of shares to be optioned, the option price and any other terms in respect of such option. Options granted by Amalco pursuant to the decisions of the committee must be approved by the board of directors of Amalco. All options so granted will be non-assignable.

The maximum number of common shares of Amalco which may be reserved for issuance under the Plan, together with any shares reserved for issuance under any options for services or employee stock purchase plans (and including the currently existing options referred to above), will not exceed 5% of the issued and outstanding common shares of Amalco or such greater number of common shares as may be determined by the board of directors and approved by the Toronto and Montreal stock exchanges or any other applicable regulatory authority. The aggregate number of common shares reserved for issuance to any single person under the Plan, options for services or employee stock purchase plans will not exceed 1% of the issued and outstanding common shares or such greater number of common shares as may be determined by the board of directors and approved by the Toronto and Montreal stock exchanges or any other applicable regulatory authority. The maximum term in respect of any option will be ten years and the option price will in no event be lower than the market price of the shares at the date of the grant of the option less the maximum discount permitted under the by-laws and policies of the Toronto and Montreal stock exchanges. A copy of the Plan is available for inspection at the offices of each of Barrick and Camflo and will be available for inspection at the meeting of shareholders referred to in the notice of meeting which this Information Booklet accompanies.

### **Principal Shareholders**

After giving effect to the Amalgamation and the transactions relating thereto, the only person who, to the knowledge of Barrick, Camflo and Bob-Clare, will beneficially own, directly or indirectly, or exercise control or direction over, voting securities of Amalco carrying in excess of 10% of all voting rights attached to securities of Amalco will be Horsham Securities Limited which will own 22,613,335 common shares of Amalco or approximately 23.8% of the common shares of Amalco outstanding on an undiluted basis. See "Barrick — Principal Shareholders".

### **Description of Share Capital**

The authorized capital of Amalco will consist of an unlimited number of common shares without nominal or par value; an unlimited number of First Preferred Shares without nominal or par value, issuable in series, the first such series to consist of 10,000,000 shares designated as \$0.114 Non-cumulative Redeemable Convertible First Preferred Shares, Series A and the second such series to consist of 10,000,000 shares designated as \$0.126 Non-cumulative Redeemable Convertible First Preferred Shares, Series B; and an unlimited number of Second Preferred Shares without nominal or par value, issuable in series, the first such series consisting of 15,000,000 shares designated as \$0.222 Non-cumulative Redeemable Second Preferred Shares, Series A.

### **Auditors**

The auditors of Amalco will be Coopers & Lybrand, 145 King Street West, Toronto, Ontario M5H 1V8.

### **Registrar and Transfer Agent**

The registrar and transfer agent for Amalco's shares will be National Trust Company, Limited, at its principal office in the City of Toronto.



## **BARRICK RESOURCES CORPORATION**

### **Report of the Chief Financial Officer**

The undersigned, being the Chief Financial Officer of Barrick Resources Corporation, states that the consolidated balance sheet of Barrick Resources Corporation as at March 31, 1984 and the consolidated statements of loss and deficit and changes in financial position for the three months ended March 31, 1984 and 1983 which accompany this report have been prepared by management and have not been audited, but have been prepared in accordance with Part V of the regulations under the Canada Business Corporations Act and in accordance with Part XII of the Business Corporations Act, 1982 (Ontario).

Toronto, Canada  
June 14, 1984

(Signed) JEREMY GARBUTT  
Vice-President, Finance  
Barrick Resources Corporation

### **Auditors' Report**

To the Directors of  
BARRICK RESOURCES CORPORATION

We have examined the consolidated balance sheets of Barrick Resources Corporation as at December 31, 1983 and 1982 and the consolidated statements of loss and deficit, and changes in financial position for the periods ended December 31, 1983, 1982, 1981 and 1980. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1983 and 1982, and results of its operations and the changes in its financial position for the periods ended December 31, 1983, 1982, 1981 and 1980 in accordance with generally accepted accounting principles applied on a consistent basis.

Toronto, Canada  
March 9, 1984  
(June 14, 1984 for notes 13 and 17)

(Signed) COOPERS & LYBRAND  
Chartered Accountants

# BARRICK RESOURCES CORPORATION

## CONSOLIDATED BALANCE SHEETS

(\$000's)

|  | March 31,<br>1984 | December 31,    |                 |
|--|-------------------|-----------------|-----------------|
|  | (unaudited)       | 1983            | 1982            |
| <b>Assets</b>  |                   |                 |                 |
| <b>Current assets</b>  |                   |                 |                 |
| Cash and term deposits (note 6) .....                        | \$ 792            | \$ 4,020        | \$ 331          |
| Marketable securities — at cost (market value \$2,745) ..... | 2,221             | —               | —               |
| Accounts receivable (note 11a) .....                         | 996               | 3,285           | 122             |
| Inventory and prepaid expenses .....                         | 531               | 568             | 406             |
|  | <u>4,540</u>      | <u>7,873</u>    | <u>859</u>      |
| Cash held in trust (note 14) .....                           | 6,711             | —               | —               |
| Notes receivable (note 11b) .....                            | 637               | 637             | —               |
| Investment (note 9b) .....                                   | —                 | 1,991           | —               |
| Property, plant and equipment (note 4) .....                 | 42,930            | 40,499          | 22,374          |
| Deferred computer software development costs (note 5) .....  | 1,548             | 1,540           | 1,586           |
|  | <u>\$56,366</u>   | <u>\$52,540</u> | <u>\$24,819</u> |
| <b>Liabilities</b>   |                   |                 |                 |
| <b>Current liabilities</b>                                   |                   |                 |                 |
| Bank indebtedness (note 6) .....                             | \$ 619            | \$ 1,774        | \$2,663         |
| Accounts payable and accrued liabilities (note 11c) .....    | 3,868             | 5,414           | 1,675           |
| Related company loans (note 7) .....                         | —                 | —               | 1,456           |
|  | <u>4,487</u>      | <u>7,188</u>    | <u>5,794</u>    |
| Long-term debt (note 8) .....                                | 4,607             | 3,617           | 3,049           |
| Gold trust interest .....                                    | 7,237             | —               | —               |
|  | <u>16,331</u>     | <u>10,805</u>   | <u>8,843</u>    |
| <b>Shareholders' Equity</b>                                  |                   |                 |                 |
| Capital stock (note 9) .....                                 | 48,211            | 49,191          | 18,897          |
| Deficit .....  | (8,176)           | (7,456)         | (2,921)         |
|  | <u>40,035</u>     | <u>41,735</u>   | <u>15,976</u>   |
|  | <u>\$56,366</u>   | <u>\$52,540</u> | <u>\$24,819</u> |

Approved on behalf of the Board of Directors:

(Signed) GARY LAST, Director

(Signed) PETER MUNK, Director

See accompanying notes to consolidated financial statements.

# BARRICK RESOURCES CORPORATION

## CONSOLIDATED STATEMENTS OF LOSS

(\$000's)

|  | Three months ended<br>March 31, |                       | Year ended December 31, |                        |                        | October 10,<br>1980<br>(commence-<br>ment of<br>operations)<br>to<br>December 31,<br>1980 |
|--|---------------------------------|-----------------------|-------------------------|------------------------|------------------------|---|
|  | 1984                            | 1983                  | 1983                    | 1982                   | 1981                   |   |
|  | (unaudited)                     |                       |                         |                        |                        |   |
| <b>Revenue</b>   |                                 |                       |                         |                        |                        |   |
| Gold production .....                                      | \$ 1,461                        | \$ —                  | \$ 1,672                | \$ —                   | \$ —                   | \$ —  |
| Interest and other income .....                            | 96                              | 1                     | 280                     | 161                    | 908                    | 88  |
|  | <u>1,557</u>                    | <u>1</u>              | <u>1,952</u>            | <u>161</u>             | <u>908</u>             | <u>88</u>   |
| <b>Expense</b>   |                                 |                       |                         |                        |                        |   |
| Costs of gold production .....                             | 1,343                           | —                     | 1,534                   | —                      | —                      | —   |
| Depreciation and amortization .....                        | 424                             | 2                     | 456                     | 84                     | —                      | —   |
| General and administration .....                           | 510                             | 271                   | 1,539                   | 787                    | 1,015                  | 152   |
| Costs of abandoned gold<br>acquisitions .....              | —                               | —                     | 220                     | —                      | —                      | —   |
| Loss from discontinued operations<br>(note 15) .....       | —                               | 17                    | 17                      | 697                    | 275                    | —   |
|  | <u>2,277</u>                    | <u>290</u>            | <u>3,766</u>            | <u>1,568</u>           | <u>1,290</u>           | <u>152</u>  |
| <b>Loss before exploration costs<br/>written off .....</b> | <b>720</b>                      | <b>289</b>            | <b>1,814</b>            | <b>1,407</b>           | <b>382</b>             | <b>64</b>   |
| <b>Exploration costs written off .....</b>                 | <b>—</b>                        | <b>—</b>              | <b>2,607</b>            | <b>—</b>               | <b>804</b>             | <b>—</b>  |
| <b>Loss for the period .....</b>                           | <b><u>\$ 720</u></b>            | <b><u>\$ 289</u></b>  | <b><u>\$ 4,421</u></b>  | <b><u>\$ 1,407</u></b> | <b><u>\$ 1,186</u></b> | <b><u>\$ 64</u></b>   |
| <b>Loss per share (dollars) .....</b>                      | <b><u>\$ 0.01</u></b>           | <b><u>\$ 0.01</u></b> | <b><u>\$ 0.09</u></b>   | <b><u>\$ 0.04</u></b>  | <b><u>\$ 0.05</u></b>  | <b><u>\$ —</u></b>  |

## CONSOLIDATED STATEMENTS OF DEFICIT

(\$000's)

|  | Three months ended<br>March 31, |                        | Year ended December 31, |                        |                        | October 10,<br>1980<br>(commence-<br>ment of<br>operations)<br>to<br>December 31,<br>1980 |
|--|---------------------------------|------------------------|-------------------------|------------------------|------------------------|---|
|  | 1984                            | 1983                   | 1983                    | 1982                   | 1981                   |   |
|  | (unaudited)                     |                        |                         |                        |                        |   |
| <b>Deficit at beginning of period .....</b>    | <b>\$ 7,456</b>                 | <b>\$ 2,921</b>        | <b>\$ 2,921</b>         | <b>\$ 1,250</b>        | <b>\$ 64</b>           | <b>\$ —</b>   |
| <b>Loss for the period .....</b>               | <b>720</b>                      | <b>289</b>             | <b>4,421</b>            | <b>1,407</b>           | <b>1,186</b>           | <b>64</b>   |
| <b>Costs incurred in raising capital .....</b> | <b>—</b>                        | <b>8</b>               | <b>114</b>              | <b>264</b>             | <b>—</b>               | <b>—</b>  |
| <b>Deficit at end of period .....</b>          | <b><u>\$ 8,176</u></b>          | <b><u>\$ 3,218</u></b> | <b><u>\$ 7,456</u></b>  | <b><u>\$ 2,921</u></b> | <b><u>\$ 1,250</u></b> | <b><u>\$ 64</u></b>   |

See accompanying notes to consolidated financial statements.

# BARRICK RESOURCES CORPORATION

## CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION ((\$000's))

|  | Three months ended<br>March 31, |                   | Year ended December 31, |                   |                 | October 10,<br>1980<br>(commence-<br>ment of<br>operations)<br>to<br>December 31,<br>1980 |
|--|---------------------------------|-------------------|-------------------------|-------------------|-----------------|---|
|  | 1984                            | 1983              | 1983                    | 1982              | 1981            |   |
|  | (unaudited)                     |                   |                         |                   |                 |   |
| <b>Sources of working capital</b>  |                                 |                   |                         |                   |                 |   |
| Issue of common stock .....  | \$ —                            | \$ —              | \$27,108                | \$ 481            | \$12,415        | \$ 6,001  |
| Issue of preferred stock (net of<br>redemptions, conversions and<br>exchanges of \$37,264) ..... | —                               | —                 | 3,186                   | —                 | —               | —   |
| Sale of oil and gas interests .....  | 189                             | 310               | 3,998                   | —                 | 3,294           | —   |
| Increase in long-term debt .....   | 910                             | —                 | —                       | 3,049             | —               | —   |
| Reclassification of long-term<br>investment .....  | 1,117                           | —                 | —                       | —                 | —               | —   |
|  | <u>2,216</u>                    | <u>310</u>        | <u>34,292</u>           | <u>3,530</u>      | <u>15,709</u>   | <u>6,001</u>  |
| <b>Uses of working capital</b>   |                                 |                   |                         |                   |                 |   |
| Loss for the period .....  | 720                             | 289               | 4,421                   | 1,407             | 1,186           | 64  |
| Items not affecting working<br>capital:  |                                 |                   |                         |                   |                 |   |
| Depreciation and amortization ..   | (171)                           | (2)               | (456)                   | (84)              | (8)             | —   |
| Exploration costs written off ...  | —                               | —                 | (2,607)                 | —                 | (804)           | —   |
| Costs of abandoned gold<br>acquisitions .....  | —                               | —                 | (220)                   | —                 | —               | —   |
| Unrealized foreign exchange<br>loss .....  | (80)                            | (31)              | (68)                    | —                 | —               | —   |
| Used in operations .....   | 469                             | 256               | 1,070                   | 1,323             | 374             | 64  |
| Business acquisitions (net of<br>working capital acquired<br>of \$15,441) .....                  | —                               | —                 | 15,513                  | —                 | —               | —   |
| Property, plant and equipment ....   | 2,273                           | 2,142             | 9,221                   | 9,948             | 16,233          | 417   |
| Deferred computer software<br>development costs .....  | —                               | 12                | 126                     | 1,552             | —               | —   |
| Investment .....   | —                               | —                 | 1,991                   | —                 | —               | —   |
| Notes receivable .....   | —                               | —                 | 637                     | —                 | —               | —   |
| Redemption of preferred stock ....   | 106                             | —                 | —                       | —                 | —               | —   |
| Costs incurred in raising capital ...  | —                               | 8                 | 114                     | 264               | —               | —   |
|  | <u>2,848</u>                    | <u>2,418</u>      | <u>28,672</u>           | <u>13,087</u>     | <u>16,607</u>   | <u>481</u>  |
| <b>Increase (decrease) in working<br/>capital .....</b>  | <b>(632)</b>                    | <b>(2,108)</b>    | <b>5,620</b>            | <b>(9,557)</b>    | <b>(898)</b>    | <b>5,520</b>  |
| <b>Working capital (deficiency) at<br/>beginning of period .....</b>                             | <b>685</b>                      | <b>(4,935)</b>    | <b>(4,935)</b>          | <b>4,622</b>      | <b>5,520</b>    | <b>—</b>  |
| <b>Working capital (deficiency) at end<br/>of period .....</b>                                   | <b>\$ 53</b>                    | <b>\$ (7,043)</b> | <b>\$ 685</b>           | <b>\$ (4,935)</b> | <b>\$ 4,622</b> | <b>\$ 5,520</b>   |

*See accompanying notes to consolidated financial statements.*

# BARRICK RESOURCES CORPORATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Information as at March 31, 1984 and for the three month periods ended March 31, 1984 and 1983 is unaudited)

### 1. Basis of presentation

These consolidated financial statements reflect the operations of Barrick Resources Corporation (the "Company") and its predecessor company, Barrick Petroleum Corporation ("Barrick Petroleum"). During 1983, Barrick Petroleum completed a reverse take-over of Consolidated Summit Mines Limited ("Summit") and PetroInc Resources Ltd. ("PetroInc") to form the Company. The Company subsequently amalgamated with Sungate Resources Ltd. ("Sungate") and thereby acquired a 50% interest in Renabie Mines (1981) Limited ("Renabie").

### 2. Accounting principles

#### (a) Principles of consolidation

The consolidated financial statements include the accounts of the Company and all subsidiaries. Substantially all of the Company's gold and oil and gas activities, including the Renabie Mine, are conducted jointly with others and, accordingly, the financial statements reflect the Company's proportionate interest in such activities.

#### (b) Translation of foreign currencies

The Company's integrated foreign operations are translated by the temporal method whereby monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date, non-monetary items and related depreciation and amortization are translated at historical exchange rates and revenues and expenses are translated at the exchange rates in effect at transaction dates.

#### (c) Inventories

Gold and silver precipitate on hand is valued at net realizable value. Supplies inventories are valued at the lower of cost and net realizable value.

#### (d) Property, plant and equipment

The Company follows the full cost method of accounting for oil and gas interests whereby all costs relating to the exploration and development of oil and gas reserves are capitalized. Such costs include land acquisition costs, geological and geophysical expenses, engineering fees, interest, administration expenses and costs of drilling both productive and non-productive wells.

Costs are allocated to a separate cost centre for each country in which the Company operates and will be amortized by the unit of production method based upon the estimated proven oil and gas reserves in each country. The recoverability of deferred exploration costs is dependent upon the existence of economically recoverable reserves and, as yet, in certain countries exploration has not proceeded to the stage where it is possible to determine whether such reserves exist.

Mining claims and deferred mine development costs and mining equipment and buildings are recorded at cost and amortized by the unit of production method based on estimated proven and probable ore reserves. Other fixed assets are recorded at cost and depreciated on the straight line basis over 3 to 5 years.

#### (e) Gold trust interest

The gold trust interest represents proceeds received by Renabie from the Barrick-Cullaton Gold Trust under the terms of a gold acquisition agreement. The Trust receives a percentage of future gold production from the Renabie Mine ranging from 3% to 10% of production depending upon the then current price of gold. The gold trust interest is amortized against distributions made to the Trust.

### 3. Business acquisitions

- (a) On April 28, 1983, Barrick Petroleum completed a share exchange offer with Summit whereby all the issued and outstanding shares of Barrick Petroleum were acquired by Summit in exchange for shares of Summit. Immediately after the share exchange, Summit amalgamated with PetroInc to form the Company.

These transactions resulted in the Barrick Petroleum shareholders ultimately owning 96.25% of the Company, and thus have been treated as a reverse take-over of Summit and PetroInc by Barrick Petroleum and accounted for by the purchase method. Accordingly, these financial statements include the assets and liabilities of Barrick Petroleum at book value and the assets and liabilities of Summit and PetroInc at fair value as at the date of the acquisition and the results of operations of Summit and PetroInc for the eight months ended December 31, 1983 and the three months ended March 31, 1984. The fair value of Summit's and PetroInc's assets and liabilities at the date of acquisition amounted to \$2,342,000 and \$300,000 respectively, the excess of fair value over book value of \$1,559,000 being attributable to oil and gas interests. As Barrick Petroleum was the acquiring company, the share capital and deficit of Barrick Petroleum became the share capital and deficit of the Company.

The information for the years ended December 31, 1982, 1981 and 1980 relates to Barrick Petroleum. References to the "Company" hereinafter mean Barrick Petroleum for periods prior to May 1, 1983 and Barrick Resources Corporation for periods thereafter.

- (b) On October 14, 1983 the Company amalgamated with Sungate, continuing as Barrick Resources Corporation, and immediately thereafter sold 50% of Sungate's wholly-owned subsidiary Renabie, at the Company's cost, to Cullaton Lake Gold Mines Ltd. ("Cullaton"). The effect of these transactions was that the Company acquired 50% of Renabie as virtually all of Sungate's assets, other than Renabie, were divested concurrent with the amalgamation.

The amalgamation between the Company and Sungate has been accounted for as a purchase of Sungate by the Company and, accordingly, these statements include the Company's share of the results of operations of Renabie for the three month periods ended December 31, 1983 and March 31, 1984. The fair value of Sungate's assets and liabilities acquired amounted to \$52,006,000 and \$11,556,000, respectively, the excess of fair value over book value of \$11,561,000 being attributable primarily to mining claims. The consideration to the shareholders of Sungate to acquire the net assets was the issue of First and Second Preferred shares at their fair value as set out in note 9.

#### 4. Property, plant and equipment

|   | March 31,<br>1984 | December 31,    |                 |
|---|-------------------|-----------------|-----------------|
|   | 1983              | 1982            |                 |
|   | (\$000's)         | (\$000's)       | (\$000's)       |
| Cost  |                   |                 |                 |
| Oil and gas interests .....                             | \$27,204          | \$26,090        | \$21,930        |
| Mining claims and deferred mine development costs ..... | 12,793            | 11,107          | —               |
| Mining equipment and buildings .....                    | 4,280             | 4,187           | —               |
| Other fixed assets .....                                | 384               | 380             | 594             |
|   | 44,661            | 41,764          | 22,524          |
| Accumulated depreciation and amortization .....         | (1,731)           | (1,265)         | (150)           |
|   | <u>\$42,930</u>   | <u>\$40,499</u> | <u>\$22,374</u> |

#### 5. Deferred computer software development costs

Computer software development costs are deferred until marketing of the systems commences. Marketing has commenced in 1984 and deferred development costs will be amortized against sales of such systems.

#### 6. Bank indebtedness

|  | March 31,<br>1984 | December 31,    |                 |
|--|-------------------|-----------------|-----------------|
|  | 1983              | 1982            |                 |
|  | (\$000's)         | (\$000's)       | (\$000's)       |
| U.S. \$1,000,000 (1982 U.S. \$2,000,000) interest at U.S. bank prime, secured on certain oil and gas assets, repaid in February 1984 ..... | \$ —              | \$ 1,244        | \$ 2,439        |
| Loan at Canadian bank prime plus 1% secured on the assets of Renabie and \$500,000 of the Company's cash deposits .....                    | 529               | 530             | —               |
| Irish pounds 130,000, interest at 12%, repaid in 1983 .....  | —                 | —               | 224             |
| Current portion of term loan (note 8) .....  | 90                | —               | —               |
|  | <u>\$ 619</u>     | <u>\$ 1,774</u> | <u>\$ 2,663</u> |

#### 7. Related company loans

Related company loans of \$1,456,000 (U.S. \$1,194,000) were from a subsidiary of a company, certain of whose shareholders are directors of the Company. These loans were denominated in U.S. dollars, carried interest at U.S. bank prime and were repaid in 1983. The interest on these loans amounted to \$74,000 for the year ended December 31, 1983 (1982 \$125,000).

#### 8. Long-term debt

|   | March 31,<br>1984 | December 31,    |                 |
|---|-------------------|-----------------|-----------------|
|   | 1983              | 1982            |                 |
|   | (\$000's)         | (\$000's)       | (\$000's)       |
| U.S. \$2,500,000 due to a subsidiary of a company, certain of whose shareholders are directors of the Company. Interest at U.S. bank prime plus 1%, repayable April 1985 .....      | \$ 3,197          | \$ 3,117        | \$ 3,049        |
| Term loan at Canadian bank prime plus 2% secured by the assets of Renabie. Principal repayments of \$90,000 per quarter commencing December 31, 1984 (net of current portion) ..... | 910               | —               | —               |
| Interest-free loan from a shareholder repayable by April 1986 .....   | 500               | 500             | —               |
|   | <u>\$ 4,607</u>   | <u>\$ 3,617</u> | <u>\$ 3,049</u> |

## 9. Capital stock

|                                      |            | March 31, 1984        |                 |
|--------------------------------------|------------|-----------------------|-----------------|
|                                      | Authorized | Issued and Fully Paid | \$000's         |
| <i>Barrick Resources Corporation</i> |            |                       |                 |
| Common shares without par value      | unlimited  | 58,000,685            | \$46,416        |
| First Preferred Shares — Series A    | 10,000,000 | 412,423               | 783             |
| Second Preferred Shares — Series A   | 15,000,000 | 416,858               | 1,012           |
|                                      |            |                       | <u>\$48,211</u> |

During 1983 Barrick Petroleum completed a share exchange, as set out in note 3(a), whereby its shares were exchanged for shares of Barrick Resources (formerly Summit). The amount attributed to the capital stock of Barrick Resources at April 28, 1983 reflects the capital stock of Barrick Petroleum plus the fair value of the assets, less liabilities, of Summit and PetroInc.

|  | Number of Shares  | \$000's         |
|--|-------------------|-----------------|
| <i>Barrick Petroleum Corporation</i>   |                   |                 |
| Common shares  |                   |                 |
| Outstanding at December 31, 1981 Barrick Petroleum Corporation   |                   |                 |
| Class A  | 15,391,667        | \$18,415        |
| Class B  | 1,000             | 1               |
| Issued during 1982   |                   |                 |
| Class A shares — for cash  | 175,000           | 481             |
| Outstanding at December 31, 1982   | 15,567,667        | 18,897          |
| Issued during 1983   |                   |                 |
| Class A shares — for cash  | 4,125,000         | 11,187          |
| — for debt   | 265,000           | 729             |
|  | <u>19,957,667</u> | <u>30,813</u>   |
| Deemed issue of shares on acquisition of Consolidated Summit Mines Limited and PetroInc Resources Ltd. |                   | 2,042           |
|  |                   | <u>\$32,855</u> |

|   | Number of Shares  | \$000's         |
|---|-------------------|-----------------|
| <i>Barrick Resources Corporation</i>  |                   |                 |
| Common shares   |                   |                 |
| Outstanding at April 28, 1983 Consolidated Summit Mines Limited                   | 3,125,001         | \$ 2,063        |
| Issued during 1983  |                   |                 |
| In consideration for all of the outstanding shares of                             |                   |                 |
| Barrick Petroleum Corporation   | 196,029,268       | 54,000          |
| PetroInc Resources Ltd.   | 4,287,505         | 1,361           |
| One for four share consolidation  | (152,581,331)     | —               |
| Adjustments for business combination accounting for reverse takeover              | —                 | (24,569)        |
|   | <u>50,860,443</u> | <u>32,855</u>   |
| For oil and gas leases  | 134,892           | 186             |
| On conversion of First Preferred Shares, Series A                                 | 3,634,630         | 6,906           |
| On conversion of Second Preferred Shares, Series A                                | 1,854,219         | 3,523           |
| For cash  | 1,300,000         | 2,535           |
| Outstanding at December 31, 1983  | 57,784,184        | 46,005          |
| Issued during 1984  |                   |                 |
| On conversion of First Preferred Shares, Series A                                 | 216,501           | 411             |
| Outstanding at March 31, 1984   | <u>58,000,685</u> | <u>\$46,416</u> |
| First Preferred Shares, Series A  |                   |                 |
| Issued during 1983  |                   |                 |
| In part consideration for all of the outstanding shares of Sungate Resources Ltd. | 4,263,870         | \$ 8,101        |
| Converted to common shares  | (3,634,630)       | (6,906)         |
| Outstanding at December 31, 1983  | 629,240           | 1,195           |
| During 1984   |                   |                 |
| Converted to common shares  | (216,501)         | (411)           |
| Redeemed for cash   | (316)             | (1)             |
| Outstanding at March 31, 1984   | <u>412,423</u>    | <u>\$ 783</u>   |

|  | <u>Number of<br/>Shares</u> | <u>\$000's</u>         |
|--|-----------------------------|------------------------|
| Second Preferred Shares, Series A  |                             |                        |
| Issued during 1983   |                             |                        |
| In part consideration for all of the outstanding shares of Sungate Resources Ltd. .... | 8,742,866                   | \$32,349               |
| Purchased for cash. ....   | (4,648,813)                 | (17,201)               |
| Converted to common shares ....  | (952,167)                   | (3,523)                |
| Exchanged for Cullaton common shares ....  | (2,322,535)                 | (8,593)                |
|  | <u>819,351</u>              | <u>3,032</u>           |
| Adjustment on fixing of redemption price (note 9b) .....                               | —                           | (1,041)                |
| Outstanding at December 31, 1983 .....   | <u>819,351</u>              | <u>1,991</u>           |
| During 1984  |                             |                        |
| Exchanged for Cullaton common shares ....  | (359,719)                   | (874)                  |
| Redeemed for cash .....  | (42,774)                    | (105)                  |
| Outstanding at March 31, 1984 .....  | <u><u>416,858</u></u>       | <u><u>\$ 1,012</u></u> |

- (a) The First Preferred Shares are entitled to a fixed non-cumulative preferential cash dividend of \$0.114 per share per annum and are convertible into common shares on a one-for-one basis. These shares are redeemable at the Company's option at the lesser of \$1.90 or at a price (stipulated by the Company) equal to the weighted average price of the Company's common shares on The Toronto Stock Exchange over a period of 20 consecutive trading days ending not more than 5 days prior to the date upon which notice of such price is given by the Company.
- (b) The Second Preferred Shares are entitled to a fixed non-cumulative preferential cash dividend of \$0.222 per share per annum and were exchangeable on a one-for-one basis for common shares of Cullaton. However, on February 3, 1984, the Company exercised its option to give notice to the Second Preferred shareholders of its intention to fix the redemption price, based on the average price of Cullaton common shares on The Toronto Stock Exchange, at \$2.43 per share. Accordingly, at December 31, 1983, both the carrying value of the 819,351 Cullaton common shares, which were held as an investment to meet the exchange right of the Second Preferred shareholders, and the Company's Second Preferred Shares were adjusted, by the amount of \$1,041,000, to the fixed price of \$2.43 per share. The right to exchange for common shares of Cullaton expired on March 5, 1984 and the 459,632 Cullaton shares held by the Company at March 31, 1984 have been reclassified as marketable securities. Holders of the Second Preferred Shares of the Company may require redemption at any time.
- (c) The directors have approved stock options whereby 802,250 common shares have been set aside to be exercised at various prices between \$1.12 and \$3.20 per share.

#### 10. Income taxes

The Company and its subsidiaries have losses for tax purposes as at March 31, 1984 of approximately \$3,300,000 (1983 \$2,700,000, 1982 \$1,685,000) which may be carried forward to reduce taxable income in future years and for which no future tax benefit has been recognized in the accounts. Of these losses, \$400,000 expires by December 31, 1986, \$250,000 by December 31, 1987, \$1,650,000 by December 31, 1988 and \$1,000,000 by December 31, 1997.

#### 11. Related party transactions

- (a) Included in accounts receivable is an amount of \$497,000 (1983 \$390,000) being due, in respect of one of the Company's oil and gas joint ventures, from a company the chairman of which is a director of the Company. Other amounts due from related parties amounting to \$64,000 (1983 \$154,000) are also included in accounts receivable.
- (b) Loans, for the purchase of shares of the Company, are outstanding from a former director and two officers of the Company. The loans are interest-free, non-recourse and repayable by 1986.
- (c) The services of the Company's officers and staff and the use of office space and facilities are provided, at cost, by a company the shareholder of which is a director of the Company. Charges for these services totalled \$293,000 (1983 \$132,349, years ended December 31, 1983 \$920,000, 1982 \$683,000 and 1981 \$495,000) and the unpaid amount of \$741,000 (1983 \$612,000, December 31, 1983 \$480,000, 1982 \$521,000) are included in accounts payable.

#### 12. Commitments

- (a) As at March 31, 1984 the Company was required to spend approximately \$3,700,000 (1983 \$3,300,000, 1982 \$6,500,000) during the next three years under the terms of certain oil and gas agreements.
- (b) The Company has granted to Campbell Resources Inc., the manager of the Renabie Mine, an option to acquire 10% of the Company's interest in Renabie for \$1,160,000 exercisable until January 1, 1989.

#### 13. Contingent liability

In May 1984, the Company agreed to an out of court settlement with Occidental Petroleum in connection with its dispute over the Tunisian Joint Venture. The amount of the settlement was provided for in 1983.



**14. Cash held in trust**

On February 13, 1984, Renabie received \$14,980,750 (\$17,000,000 less issue expenses) from the Barrick-Cullaton Gold Trust under the terms of a gold acquisition agreement. The funds are held in trust and will be released as expenditures are incurred to expand the Renabie mine.

**15. Discontinued operations**

During 1982 the Company discontinued its geological and geophysical consulting operations.

**16. Business segments**

The Company has two principal business segments: gold and oil and gas. The Company commenced its gold operations in 1983 and is involved in exploration, development and production. The Company's oil and gas activities to date have been in exploration, however, development and production operations will commence in 1984.

|                                   | Three<br>months<br>ended<br>March 31,<br>1984<br>(\$000's) | Year ended<br>December 31,<br>1983      1982<br>(\$000's)      (\$000's) |                 |
|-----------------------------------|--|--|-----------------|
| Revenues and loss for the period: |  |  |                 |
| Revenues                          |  |  |                 |
| Gold — Canada .....               | \$ 1,461   | \$ 1,672   | \$ —            |
| Loss for the period               |  |  |                 |
| Gold — Canada .....               | \$ 274   | \$ 651   | \$ —            |
| Oil and gas — Tunisia .....       | —  | 2,607  | —               |
| Discontinued operations .....     | —  | 17   | 697             |
| General corporate expenses .....  | 446  | 1,146  | 710             |
|                                   | <u>\$ 720</u>  | <u>\$ 4,421</u>  | <u>\$ 1,407</u> |
| Depreciation and amortization     |  |  |                 |
| Gold .....                        | \$ 422   | \$ 448   | \$ —            |
| Assets                            |  |  |                 |
| Gold                              |  |  |                 |
| Canada .....                      | \$23,208   | \$17,194   | \$ —            |
| U.S.A. ....                       | 942  | 806  | —               |
|                                   | <u>24,150</u>  | <u>18,000</u>  | <u>—</u>        |
| Oil and gas                       |  |  |                 |
| U.S.A. ....                       | 26,525   | 26,501   | 19,446          |
| Australia .....                   | 1,969  | 1,825  | 1,375           |
| Turkey .....                      | 1,335  | 1,254  | 925             |
| New Zealand .....                 | 550  | 547  | 467             |
| Tunisia .....                     | —  | —  | 1,303           |
|                                   | <u>30,379</u>  | <u>30,127</u>  | <u>23,516</u>   |
| Cash and other assets .....       | 1,837  | 4,413  | 1,303           |
|                                   | <u>\$56,366</u>  | <u>\$52,540</u>  | <u>\$24,819</u> |
| Capital expenditures              |  |  |                 |
| Gold .....                        | \$ 841   | \$14,820   | \$ —            |
| Oil and gas .....                 | <u>\$ 1,590</u>  | <u>\$10,407</u>  | <u>\$ 9,948</u> |

**17. Proposed amalgamation**

Pursuant to an amalgamation agreement dated as of June 14, 1984, the Company proposes to amalgamate with Camflo Mines Limited ("Camflo") and Bob-Clare Investments Limited ("Bob-Clare"), subject to shareholder and regulatory approval. The amalgamated company will be known as Barrick Resources Corporation.

Under the terms of the agreement, common shareholders of Barrick will receive one common share of the amalgamated company for each common share held. Preferred shareholders of Barrick will receive one preferred share, with identical attributes, of the amalgamated company for each preferred share held. Shareholders of Camflo, except for Bob-Clare, will receive seven common shares of the amalgamated company for each common share held. The Camflo shares held by Bob-Clare will be cancelled on amalgamation. The shareholders of Bob-Clare will receive 952,381 convertible redeemable preferred shares of the amalgamated company.

## **CAMFLO MINES LIMITED**

### **Report of the Chief Financial Officer**

The undersigned, being the Chief Financial Officer of Camflo Mines Limited, states that the consolidated balance sheet of Camflo Mines Limited as at March 31, 1984 and the consolidated statements of loss and deficit and changes in financial position for the three months ended March 31, 1984 and 1983 which accompany this report have been prepared by management and have not been audited, but have been prepared in accordance with Part XII of the Business Corporations Act, 1982 (Ontario).

Toronto, Canada  
June 14, 1984

(Signed) JACK A. AMORMINO  
Comptroller  
Camflo Mines Limited

### **Auditors' Report**

To the Directors of  
CAMFLO MINES LIMITED

We have examined the consolidated balance sheet of Camflo Mines Limited as at December 31, 1983 and 1982 and the consolidated statements of operations, retained earnings (deficit) and changes in financial position for each of the years in the five year period ended December 31, 1983. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1983 and 1982 and the results of its operations and the changes in its financial position for each of the years in the five year period ended December 31, 1983 in accordance with generally accepted accounting principles applied on a consistent basis.

Toronto, Canada  
April 4, 1984  
(June 14, 1984 as to note 12)

(Signed) THORNE RIDDELL  
Chartered Accountants

**CAMFLO MINES LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
(Expressed in thousands of dollars)

|  | March 31,<br>1984 | December 31,     |                  |
|--|-------------------|------------------|------------------|
|  | (unaudited)       | 1983             | 1982             |
| <b>Assets</b>  |                   |                  |                  |
| Current assets   |                   |                  |                  |
| Cash .....   | \$ 141            | \$ 102           | \$ 205           |
| Marketable securities, at lower of cost \$2,320<br>(1983, \$2,320; 1982, \$2,282) and market ..... | 1,385             | 1,385            | 1,348            |
| Accounts receivable .....  | 3,985             | 5,097            | 5,674            |
| Mine operating expenses .....  | 1,841             | 1,894            | 1,834            |
| Prepaid expenses and deposits .....  | 926               | 332              | 81               |
|  | <u>8,278</u>      | <u>8,810</u>     | <u>9,142</u>     |
| Property, plant and equipment (note 4)   |                   |                  |                  |
| Gold mining .....  | 2,823             | 2,867            | 2,886            |
| Petroleum and natural gas .....  | 45,059            | 45,380           | 45,213           |
| Mineral exploration .....  | 9,054             | 8,910            | 8,822            |
| Other .....  | 281               | 1,933            | 2,296            |
|  | <u>57,217</u>     | <u>59,090</u>    | <u>59,217</u>    |
| Investments in affiliated companies (note 5) .....   | 43,158            | 41,409           | 38,998           |
| Other assets .....   | 1,991             | 1,775            | 1,420            |
|  | <u>\$110,644</u>  | <u>\$111,084</u> | <u>\$108,777</u> |
| <b>Liabilities</b>   |                   |                  |                  |
| Current liabilities  |                   |                  |                  |
| Accounts payable and accrued liabilities .....   | \$ 3,619          | \$ 4,067         | \$ 7,708         |
| Taxes payable .....  | 293               | 348              | 3,528            |
|  | <u>3,912</u>      | <u>4,415</u>     | <u>11,236</u>    |
| Long-term liabilities (note 6) .....   | 79,865            | 82,849           | 81,121           |
| Gas production prepayments .....   | 2,099             | 2,118            | 2,039            |
| Deferred income taxes .....  | 16,951            | 16,644           | 15,133           |
| Minority interest .....  | 2,622             | 2,617            | 2,808            |
| <b>Capital Stock and Deficit</b>   |                   |                  |                  |
| Capital stock (note 7) .....   | 11,437            | 11,378           | 11,335           |
| Deficit .....  | (2,323)           | (5,018)          | (10,976)         |
|  | <u>9,114</u>      | <u>6,360</u>     | <u>359</u>       |
| Deduct company's interest in its shares held by a subsidiary and an<br>affiliated company .....    | 3,919             | 3,919            | 3,919            |
|  | <u>5,195</u>      | <u>2,441</u>     | <u>(3,560)</u>   |
|  | <u>\$110,644</u>  | <u>\$111,084</u> | <u>\$108,777</u> |
| Contingent liabilities and commitments (note 11)   |                   |                  |                  |
| Subsequent event (note 12)   |                   |                  |                  |
| On behalf of the Board   |                   |                  |                  |

(Signed) ROBERT E. FASKEN, Director

(Signed) ROBERT M. SMITH, Director

*See accompanying notes to consolidated financial statements.*

# CAMFLO MINES LIMITED

## CONSOLIDATED STATEMENTS OF OPERATIONS

(Expressed in thousands of dollars, except per share data)

|  | Three months ended<br>March 31, |               | Year ended December 31, |                 |                    |                  |                 |
|--|---------------------------------|---------------|-------------------------|-----------------|--------------------|------------------|-----------------|
|  | 1984                            | 1983          | 1983                    | 1982            | 1981               | 1980             | 1979            |
|  | (unaudited)                     |               |                         |                 |                    |                  |                 |
| Revenue  |                                 |               |                         |                 |                    |                  |                 |
| Billion .....  | \$ 4,930                        | \$ 4,722      | \$ 23,408               | \$ 29,987       | \$ 24,578          | \$ 37,253        | \$ 24,698       |
| Petroleum and natural gas .....                                  | 2,825                           | 2,987         | 9,721                   | 10,379          | 8,889              | 5,087            | 3,685           |
|  | <u>7,755</u>                    | <u>7,709</u>  | <u>33,129</u>           | <u>40,366</u>   | <u>33,467</u>      | <u>42,340</u>    | <u>28,383</u>   |
| Operating and administrative expenses .....                      | 3,832                           | 3,660         | 13,634                  | 16,238          | 14,500             | 11,785           | 9,604           |
| Depreciation, depletion and amortization .....                   | 672                             | 693           | 2,760                   | 2,650           | 2,736              | 1,592            | 1,308           |
| Interest on long term liabilities ...                            | 2,353                           | 2,158         | 9,450                   | 13,578          | 11,225             | 3,610            | 1,442           |
| Other interest .....   | 3                               | 269           | 370                     | 151             | 1,910              | 594              | 1,020           |
| Exploration expenditures written off .....                       | —                               | —             | 214                     | 1,217           | 1,675              | —                | 120             |
|  | <u>6,860</u>                    | <u>6,780</u>  | <u>26,428</u>           | <u>33,834</u>   | <u>32,046</u>      | <u>17,581</u>    | <u>13,494</u>   |
|  | 895                             | 929           | 6,701                   | 6,532           | 1,421              | 24,759           | 14,889          |
| Provision for loss on investment in Wilanour (note 3(a)) .....   | —                               | —             | —                       | —               | (8,534)            | —                | —               |
| Other income .....   | <u>1,092</u>                    | <u>356</u>    | <u>951</u>              | <u>1,555</u>    | <u>5,298</u>       | <u>5,941</u>     | <u>6,534</u>    |
| Income (loss) before taxes and other items .....                 | <u>1,987</u>                    | <u>1,285</u>  | <u>7,652</u>            | <u>8,087</u>    | <u>(1,815)</u>     | <u>30,700</u>    | <u>21,423</u>   |
| Income and resource taxes  |                                 |               |                         |                 |                    |                  |                 |
| Current .....  | 438                             | 625           | 3,009                   | 4,429           | 2,919              | 7,756            | 6,792           |
| Deferred .....   | <u>307</u>                      | <u>75</u>     | <u>1,511</u>            | <u>1,726</u>    | <u>1,300</u>       | <u>6,550</u>     | <u>2,079</u>    |
|  | <u>745</u>                      | <u>700</u>    | <u>4,520</u>            | <u>6,155</u>    | <u>4,219</u>       | <u>14,306</u>    | <u>8,871</u>    |
|  | 1,242                           | 585           | 3,132                   | 1,932           | (6,034)            | 16,394           | 12,552          |
| Minority interest in loss (income) of subsidiary .....           | (4)                             | (21)          | 191                     | 138             | (169)              | —                | —               |
| Equity in loss of affiliated companies .....                     | <u>(308)</u>                    | <u>(8)</u>    | <u>(717)</u>            | <u>(45)</u>     | <u>(4,122)</u>     | <u>(535)</u>     | <u>(47)</u>     |
| Income (loss) from continuing operations .....                   | 930                             | 556           | 2,606                   | 2,025           | (10,325)           | 15,859           | 12,505          |
| Loss from discontinued coal operations .....                     | —                               | —             | —                       | —               | (13,056)           | (4,629)          | (3,013)         |
| Income (loss) before extraordinary items .....                   | 930                             | 556           | 2,606                   | 2,025           | (23,381)           | 11,230           | 9,492           |
| Effect of discontinuance of coal operations (note 3(b)(i)) ..... | —                               | —             | 3,352                   | —               | (20,509)           | —                | —               |
| Net income (loss) .....  | <u>\$ 930</u>                   | <u>\$ 556</u> | <u>\$ 5,958</u>         | <u>\$ 2,025</u> | <u>\$ (43,890)</u> | <u>\$ 11,230</u> | <u>\$ 9,492</u> |
| Income (loss) per share  |                                 |               |                         |                 |                    |                  |                 |
| From continuing operations ....                                  | \$ .25                          | \$ .15        | \$ .71                  | \$ .55          | \$ (2.83)          | \$ 4.38          | \$ 3.72         |
| Before extraordinary items ....                                  | \$ .25                          | \$ .15        | \$ .71                  | \$ .55          | \$ (6.42)          | \$ 3.10          | \$ 2.82         |
| Net income (loss) .....  | \$ .25                          | \$ .15        | \$ 1.63                 | \$ .55          | \$ (12.06)         | \$ 3.10          | \$ 2.82         |

*See accompanying notes to consolidated financial statements.*



# CAMFLO MINES LIMITED

## CONSOLIDATED STATEMENTS OF RETAINED EARNINGS (DEFICIT)

(Expressed in thousands of dollars)

|   | Three months ended<br>March 31, |                    | Year ended December 31, |                    |                    |                  |                  |
|---|---------------------------------|--------------------|-------------------------|--------------------|--------------------|------------------|------------------|
|   | 1984                            | 1983               | 1983                    | 1982               | 1981               | 1980             | 1979             |
|   | (unaudited)                     |                    |                         |                    |                    |                  |                  |
| Retained earnings (deficit) at<br>beginning of period .....                                   | \$ (5,018)                      | \$ (10,976)        | \$ (10,976)             | \$ (13,001)        | \$ 32,876          | \$ 25,570        | \$ 18,170        |
| Share in affiliated company's<br>equity adjustment from foreign<br>currency translation ..... | 1,765                           | —                  | —                       | —                  | —                  | —                | —                |
|   | (3,253)                         | (10,976)           | (10,976)                | (13,001)           | 32,876             | 25,570           | 18,170           |
| Net income (loss) .....   | 930                             | 556                | 5,958                   | 2,025              | (43,890)           | 11,230           | 9,492            |
|   | (2,323)                         | (10,420)           | (5,018)                 | (10,976)           | (11,014)           | 36,800           | 27,662           |
| Dividends .....   | —                               | —                  | —                       | —                  | 1,987              | 3,924            | 2,092            |
| Retained earnings (deficit) at end<br>of period .....   | <u>\$ (2,323)</u>               | <u>\$ (10,420)</u> | <u>\$ (5,018)</u>       | <u>\$ (10,976)</u> | <u>\$ (13,001)</u> | <u>\$ 32,876</u> | <u>\$ 25,570</u> |

See accompanying notes to consolidated financial statements.

# CAMFLO MINES LIMITED

## CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

(Expressed in thousands of dollars)

|   | Three months ended<br>March 31, |                   | Year ended December 31, |                   |                |                   |               |
|---|---------------------------------|-------------------|-------------------------|-------------------|----------------|-------------------|---------------|
|   | 1984                            | 1983              | 1983                    | 1982              | 1981           | 1980              | 1979          |
|   | (unaudited)                     |                   |                         |                   |                |                   |               |
| Working capital derived from  |                                 |                   |                         |                   |                |                   |               |
| Operations .....  | \$ 1,378                        | \$ 1,370          | \$ 10,969               | \$ 7,525          | \$ 8,211       | \$ 24,536         | \$ 10,245     |
| Issue of capital stock .....  | 59                              | 41                | 43                      | 15                | 606            | 7,558             | 291           |
| Increase in long term liabilities ..  | —                               | 1,149             | 1,728                   | 1,966             | 43,990         | 21,476            | 4,848         |
| Proceeds from sale of assets ...  | 2,417                           | —                 | —                       | —                 | —              | —                 | 1,000         |
| Other .....   | —                               | 34                | —                       | 839               | —              | 26                | 142           |
|   | <u>3,854</u>                    | <u>2,594</u>      | <u>12,740</u>           | <u>10,345</u>     | <u>52,807</u>  | <u>53,596</u>     | <u>16,526</u> |
| Working capital applied to  |                                 |                   |                         |                   |                |                   |               |
| Investment in and advances to<br>subsidiary and affiliated<br>companies ..... | 292                             | 1,218             | 3,128                   | 4,938             | 30,279         | 31,449            | 11,853        |
| Gold mining expenditures .....  | 125                             | 51                | 593                     | 303               | 281            | 356               | 139           |
| Petroleum and natural gas<br>expenditures .....                               | 107                             | 500               | 1,920                   | 4,348             | 9,318          | 9,245             | 7,576         |
| Mineral exploration<br>expenditures .....                                     | 144                             | —                 | 302                     | 649               | 5,008          | 9,329             | 676           |
| Decrease in long term liabilities   | 2,984                           | —                 | —                       | 2,185             | —              | —                 | —             |
| Dividends .....   | —                               | —                 | —                       | —                 | 1,987          | 3,924             | —             |
| Acquisition of Neomar<br>Resources Limited (note 9) ..                        | —                               | —                 | —                       | —                 | —              | 2,724             | —             |
| Other .....   | 231                             | —                 | 308                     | —                 | 3,051          | —                 | —             |
|   | <u>3,883</u>                    | <u>1,769</u>      | <u>6,251</u>            | <u>12,423</u>     | <u>49,924</u>  | <u>57,027</u>     | <u>20,244</u> |
| Increase (decrease) in working<br>capital position .....                      | (29)                            | 825               | 6,489                   | (2,078)           | 2,883          | (3,431)           | (3,718)       |
| Working capital (deficiency) at<br>beginning of period .....                  | 4,395                           | (2,094)           | (2,094)                 | (16)              | (2,899)        | 532               | 4,250         |
| Working capital (deficiency) at<br>end of period .....                        | <u>\$ 4,366</u>                 | <u>\$ (1,269)</u> | <u>\$ 4,395</u>         | <u>\$ (2,094)</u> | <u>\$ (16)</u> | <u>\$ (2,899)</u> | <u>\$ 532</u> |

*See accompanying notes to consolidated financial statements.*

# CAMFLO MINES LIMITED

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Tabular dollar amounts in thousands)

(Information as at March 31, 1984 and for the  
three months ended March 31, 1984 and 1983 is unaudited)

### 1. Summary of significant accounting policies

#### (a) Basis of presentation

##### Subsidiary companies

These financial statements include the accounts of the company, C.M.L. Inc., a wholly owned U.S. subsidiary and La Luz Mines Limited, which is 89.5% owned (1982 and prior 58%). The accounts of Neomar Resources Limited, which is 62.9% owned (1980, 53%; 1979, 25%) are included, effective December 31, 1980. Prior thereto Neomar was accounted for on the equity basis. All material intercompany transactions have been eliminated.

Muskingum Mining Incorporated (formerly La Luz Ohio, Inc.), a wholly owned U.S. subsidiary of La Luz Mines Limited, and Wilanour Resources Limited, which is 67% owned (1982, 54%; 1980 and prior, 26%) are carried at nominal value (see note 3) since December 31, 1981 and prior thereto on the equity basis.

##### Affiliated company

The company owns 43.7% (1980, 44.6%; 1979, 23.9%) of the outstanding shares of United Siscoe Mines Inc. The company follows the equity method of accounting for this investment.

##### Joint ventures and partnerships

The company conducts certain gold mining, substantially all of its petroleum and natural gas and various mineral exploration activities jointly with others. These financial statements reflect the company's proportionate interest in such activities.

##### Intercompany shareholdings

A subsidiary and an affiliated company owns shares in the company. The company's interest in the carrying value of such shares has been deducted from shareholders' equity.

##### Income per share

Income per share is calculated on the weighted average number of shares outstanding after deducting intercompany shareholdings.

#### (b) Mine operating supplies

Mine operating supplies are carried at cost.

#### (c) Property, plant and equipment

##### (i) Gold mining

Mine, buildings and equipment are carried at cost. Depreciation is provided on a straight-line basis over the estimated remaining life of the mine.

Deferred exploration and development expenditures are amortized on a straight-line basis over the productive life of the property. Mine development costs incurred to maintain current production are included in operations.

##### (ii) Petroleum and natural gas

The company follows the full cost method of accounting for petroleum and natural gas whereby all costs related to the exploration for and development of petroleum and natural gas reserves are capitalized. Such costs include acquisition costs, geological and geophysical expenses, carrying charges on non-producing property, costs of drilling both productive and unproductive wells and related production equipment. Proceeds received on disposal of properties are ordinarily credited against such costs. Depreciation and depletion are provided on the net costs using the composite unit of production method based on total estimated proven reserves.

The company may acquire interests in petroleum and natural gas leases which, at the time of acquisition are recorded as inventory of leases held for resale and are valued at the lower of cost and net realizable value. Gains and losses on the disposition of such leases are included in operations.

##### (iii) Mineral exploration

Expenditures on mineral exploration programmes are deferred on a specific project basis until the viability of the project is determined. If a project is abandoned, the accumulated project costs are charged to operations. At the time a project is developed, the related accumulated costs are amortized over the productive life of the project.

##### (iv) Other

Other assets are carried at cost. Depreciation is provided on a straight-line basis over the estimated life of the respective assets.

#### (d) Translation of foreign subsidiaries' (U.S.) financial statements

Up to December 31, 1983, U.S. currency transactions and account balances have been translated into Canadian dollars on the following basis: current assets and liabilities, at exchange rates prevailing at the year end; all other assets and liabilities, at exchange

rates prevailing at the date the assets were acquired or the liabilities incurred; revenues and expenses, at the average exchange rate for the year except for depreciation, depletion and amortization which is based on the cost of assets as translated; and unrealized foreign exchange gains and losses are included in operations.

Effective January 1, 1984 the company's integrated foreign operations are translated by the temporal method whereby monetary assets and liabilities are translated at exchange rates prevailing at the year end; non-monetary assets and liabilities and related depreciation, depletion and amortization at historical exchange rates; and revenues and expenses at the exchange rates in effect at transaction dates. Translation gains and losses are included in operations except for unrealized gains and losses arising from the translation of long-term monetary assets and liabilities which will be deferred and amortized over the remaining lives of the related items.

Also effective January 1, 1984, the company's self-sustaining foreign operations are translated using the current rate method whereby all assets and liabilities are translated at exchange rates prevailing at the year end and revenue and expense items at average exchange rates for the year. Translation adjustments arising from changes in exchange rates form part of the change in the deferred translation adjustments component of shareholders' equity. These adjustments are not included in operations until realized through a reduction in the company's net investment.

(e) *Retirement plans*

The company maintains retirement plans covering substantially all Canadian employees. Retirement plan expense is accrued and funded currently.

2. **Change in accounting policy**

Effective January 1, 1984 the company, its consolidated subsidiaries and equity accounted affiliates changed their accounting policy for foreign currency translation to conform with the recommendations of the Canadian Institute of Chartered Accountants.

The prospective application of this change in accounting policy in the equity accounted affiliate at January 1, 1984 resulted in an increase in investment in affiliated companies and retained earnings of \$1,375,000.

This change in accounting policy has no material effect on the net income for the three months ended March 31, 1984.

3. **Investment in non-consolidated subsidiaries**

(a) *Wilanour Resources Limited*

Wilanour's activities relate to the exploration and development of its properties in the Red Lake area of Ontario, which were former gold producers. Prior to 1982, the company expended \$7,000,000 on the Red Lake properties and increased its ownership of Wilanour from 26% to 54%. During 1982 a lack of funds necessitated the decision to curtail all mining development work, significantly reduce exploration activities and place the facilities under care and maintenance.

The consolidated statement of operations for the year ended December 31, 1981 includes the company's share in the loss of Wilanour for that year and a provision of \$8,534,000 to write down the investment in and advances to Wilanour to a nominal amount.

On January 31, 1983 Wilanour, having appointed an interim receiver, made a definitive proposal to its unsecured creditors which was duly accepted on February 21, 1983 and approved by The Supreme Court of Ontario on March 25, 1983. Pursuant to the proposal Wilanour, with funds advanced to it by the company, paid its preferred and ordinary creditors having small claims in full. All other ordinary creditors, except the company, received payment in cash of a portion of their claims and, at their election, either interest free unsecured notes or common shares valued at \$3.63 per share for the full amount of their claims. The company accepted 1,087,177 common shares as payment in full of its claim of \$3,969,568 and waived its right to the partial cash payment option. Of the 1,185,054 common shares issued pursuant to the proposal, 25% were released on October 4, 1983 and the balance will be held in escrow to be released 12½% every three months thereafter.

Wilanour has a serious working capital deficiency and is in default of certain covenants which it has given in respect of its existing term bank credit. Accordingly, its indebtedness to the bank may, at the bank's option, immediately become due and payable and all collateral security which Wilanour has given would become enforceable.

(b) *Muskingum Mining Incorporated (formerly La Luz Ohio, Inc.)*

(i) Muskingum, a wholly owned subsidiary of La Luz Mines Limited operates coal mines in the State of Ohio, U.S.A.

The company decided early in 1982 to discontinue its involvement in the coal operations. The estimated loss on disposal of coal operations of \$20,509,000 shown as an extraordinary item in the consolidated statement of operations for the year ended December 31, 1981 consists of a write-off of the company's investment in Muskingum and a provision of \$5,000,000 representing additional funds estimated to be required by Muskingum to sustain the coal operations until such disposal can be arranged and implemented.

As at December 31, 1983 the company reversed the unused portion of the \$5,000,000 provision, it being management's opinion that as a result of significant operational improvements and financial restructuring, the balance of the provision will not be required.

(ii) Pursuant to a reorganization and refinancing agreement dated March 31, 1983, the company contributed, by way of forgiveness, interest accrued and unpaid to December 31, 1982 totalling \$12,900,000, on advances receivable from Muskingum Mining Incorporated.

Pursuant to an offering dated October 20, 1983, and as part of the above agreement, shareholders of La Luz Mines Limited were offered the right to purchase one unit consisting of three Class A non-cumulative, participating, convertible, voting preference shares and one non-cumulative, participating, non-voting, redeemable Class B preference share for each share then held for a total



price of Cdn. \$13.50. The company subscribed for 917,510 units and agreed to subscribe for an additional 659,106 units in order that La Luz receive, in the aggregate, not less than \$21,284,329. The company's consequent subscription for 1,576,616 units increased its interest in La Luz Mines from 58% to 89.5%. As consideration therefore the company delivered to La Luz Mines notes receivable from Muskingum Mining Incorporated in the amount of \$21,284,329. The remaining principal balance of the notes receivable from Muskingum totalling \$10,000,000 have been converted to term notes, bearing interest at 10% per annum, secured by mortgages on the coal lands.

These transactions have no present effect on the accounts of Camflo because the accounts of Muskingum are carried at nominal value.

#### 4. Property, plant and equipment

|  | March 31,<br>1984 | December 31,    |                 |
|--|-------------------|-----------------|-----------------|
|  |                   | 1983            | 1982            |
| Gold mining  |                   |                 |                 |
| Mine, buildings and equipment                      | \$ 6,162          | \$ 6,159        | \$ 6,042        |
| Less accumulated depreciation                      | 5,099             | 5,055           | 4,835           |
|  | 1,063             | 1,104           | 1,207           |
| Deferred exploration and development costs         | 1,760             | 1,763           | 1,679           |
|  | 2,823             | 2,867           | 2,886           |
| Petroleum and natural gas                          |                   |                 |                 |
| Property, equipment and deferred development costs | 53,849            | 53,742          | 51,823          |
| Less accumulated depletion                         | 8,790             | 8,362           | 6,610           |
|  | 45,059            | 45,380          | 45,213          |
| Mineral exploration                                |                   |                 |                 |
| Pandora property, gold                             | 6,339             | 6,324           | 6,345           |
| Other  | 2,715             | 2,586           | 2,477           |
|  | 9,054             | 8,910           | 8,822           |
| Other  |                   |                 |                 |
| Furniture, fixture and equipment                   | 1,033             | 4,267           | 4,240           |
| Less accumulated depreciation                      | 752               | 2,334           | 1,944           |
|  | 281               | 1,933           | 2,296           |
|  | <u>\$57,217</u>   | <u>\$59,090</u> | <u>\$59,217</u> |

#### 5. Investments in affiliated companies

|  | March 31,<br>1984 | December 31,    |                 |
|--|-------------------|-----------------|-----------------|
|  |                   | 1983            | 1982            |
| United Siscoe Mines Inc.   |                   |                 |                 |
| Shares, at cost  | \$34,364          | \$34,364        | \$34,364        |
| Equity in net losses   | (3,847)           | (3,539)         | (3,029)         |
| Share in equity adjustment from foreign currency translation   | 1,765             | —               | —               |
|  | 32,282            | 30,825          | 31,335          |
| Less intercompany shareholdings  | (2,658)           | (2,658)         | (2,658)         |
|  | 29,624            | 28,167          | 28,677          |
| Geothermal Kinetics Inc. (wholly-owned subsidiary of United Siscoe)  |                   |                 |                 |
| Notes receivable including accrued interest of \$2,581,000 (1983, \$2,289,000; 1982, \$1,211,000), bearing interest at U.S. prime rate plus 1½%, secured by its gold mining interests, payable on demand | 11,891            | 11,599          | 8,571           |
| Wilmar Mines Limited   |                   |                 |                 |
| Shares, at cost  | 1,750             | 1,750           | 1,750           |
| Equity in net losses   | (207)             | (207)           | —               |
|  | 1,543             | 1,543           | 1,750           |
| Notes receivable, secured by promissory notes, non-interest bearing, payable on demand   | 100               | 100             | —               |
|  | 1,643             | 1,643           | 1,750           |
|  | <u>\$43,158</u>   | <u>\$41,409</u> | <u>\$38,998</u> |

The excess of the cost of the investment in United Siscoe over the company's share of United Siscoe's underlying assets at the dates of acquisition, before adjustments for reciprocal shareholdings, has been attributed to geothermal, gold mining and other assets. The realization of the cost attributed to geothermal assets is dependent upon future development of geothermal energy in commercially producible quantities by United Siscoe. United Siscoe has granted an option on 1,000,000 treasury shares to a third party, exercisable at \$6.50 per share expiring March 1985. Summarized financial information of United Siscoe is as follows:

**United Siscoe Mines Inc.**  
**Condensed Consolidated Statement of Net Assets**

|  | March 31,<br>1984 | December 31,<br>1983 | 1982            |
|--|-------------------|----------------------|-----------------|
| Current assets .....   | \$ 1,942          | \$ 1,928             | \$ 1,788        |
| Property, plant and equipment .....                                  | 74,669            | 70,042               | 64,871          |
| Investment in Camflo .....   | (4,562)           | (4,689)              | (5,390)         |
| Other .....  | 786               | 781                  | 970             |
|  | <u>72,835</u>     | <u>68,062</u>        | <u>62,239</u>   |
| Current liabilities .....  | 25,775            | 25,863               | 21,750          |
| Long-term liabilities .....  | 10,863            | 10,288               | 10,283          |
| Deferred revenue, deferred income taxes and minority interests ..... | 5,488             | 5,139                | 5,302           |
|  | <u>42,126</u>     | <u>41,290</u>        | <u>37,335</u>   |
| Net assets .....   | <u>\$30,709</u>   | <u>\$26,772</u>      | <u>\$24,904</u> |
| Camflo's share .....   | <u>\$13,420</u>   | <u>\$11,699</u>      | <u>\$10,883</u> |

**Condensed Consolidated Statement of Operations**

|   | Three months ended<br>March 31,<br>1984 | 1983          | Year ended<br>December 31,<br>1983 | 1982            |
|---|---|---------------|------------------------------------|-----------------|
| Revenue .....   | \$ 1,936                                | \$ 2,302      | \$ 8,405                           | \$ 8,866        |
| Expenses .....  | 2,076                                   | 1,819         | 7,296                              | 7,938           |
| Income (loss) before undernoted .....                           | (140)                                   | 483           | 1,109                              | 928             |
| Other items .....   | (59)                                    | 59            | (851)                              | 2,657           |
| Share of income before extraordinary item of Camflo .....       | 127                                     | 29            | 135                                | 80              |
| Extraordinary gains   |   |               |                                    |                 |
| Realization of income tax benefits of losses not recorded ..... | —                                       | —             | 910                                | 1,986           |
| Share of extraordinary income of Camflo .....                   | —                                       | —             | 620                                | —               |
| Net income (loss) .....   | <u>\$ (72)</u>                          | <u>\$ 571</u> | <u>\$ 1,923</u>                    | <u>\$ 5,651</u> |
| Camflo's share .....  | <u>\$ (308)</u>                         | <u>\$ (8)</u> | <u>\$ (510)</u>                    | <u>\$ (45)</u>  |

Camflo's share of net income of United Siscoe excludes income from United Siscoe's shareholdings in Camflo. The amount is also reduced by the interest income, less taxes, derived from the advances by Camflo to United Siscoe's wholly-owned subsidiary and by the realization and amortization of the excess of the cost of the investment in United Siscoe over United Siscoe's net book value, as allocated to various properties.

**6. Long-term liabilities**

|                            | March 31,<br>1984 | December 31,<br>1983 | 1982            |
|----------------------------|-------------------|----------------------|-----------------|
| Bank loans .....           | \$69,519          | \$72,629             | \$71,460        |
| Bank production loan ..... | 9,000             | 8,900                | 8,400           |
| Other .....                | 1,346             | 1,320                | 1,261           |
|                            | <u>\$79,865</u>   | <u>\$82,849</u>      | <u>\$81,121</u> |

**Bank loans**

The company has a bank loan arrangement which provides for lines of credit aggregating \$71,500,000 at March 31, 1984. A principal repayment of \$10,000,000 is due April 1, 1985, provided, however, that if the amalgamation (see Note 12) is not completed, the bank may require earlier repayment. Terms of repayment for the balance of the loan are to be established during 1984. Interest rates payable under the lines of credit range from ½% to 1% above bank prime rate. The average interest rate paid on bank loans outstanding for the three months ended March 31, 1984 was 11.5% (years ended December 31, 1983, 12%; 1982, 17%). The loans are secured by hypothecation of marketable securities, investments in subsidiaries and affiliates, petroleum and natural gas interests and a \$75,000,000 floating charge debenture on all the company's assets.

The company's subsidiary, Neomar Resources Limited, has a bank loan arrangement which provides for a line of credit to a maximum of \$10,000,000. The facility can be extended annually under certain circumstances or may be converted at Neomar's option to a five year term loan. Interest is payable at bank prime rate plus ¼%. The loan is secured by a pledge of marketable securities, an assignment of accounts receivable and certain petroleum and natural gas interests.

## 7. Capital stock

### (a) Authorized

5,000,000 common shares

|  | Number of<br>shares | Stated<br>capital |
|--|---------------------|-------------------|
| (b) Issued   |                     |                   |
| Balance December 31, 1981 .....                          | 4,075,057           | \$11,320          |
| Issued on exercise of options at \$15.20 per share ..... | 1,000               | 15                |
| Balance December 31, 1982 .....                          | 4,076,057           | 11,335            |
| Issued on exercise of options at \$9.00 per share .....  | 4,800               | 43                |
| Balance December 31 1983 .....                           | 4,080,857           | 11,378            |
| Issued on exercise of options at \$9.00 per share .....  | 6,500               | 59                |
| Balance March 31, 1984 .....                             | <u>4,087,357</u>    | <u>\$11,437</u>   |

### (c) Share purchase options

At March 31, 1984 there are 240,000 share purchase options outstanding at prices ranging from \$9.00 per share to \$11.925 per share (December 31, 1983, 198,100 shares at prices from \$9.00 to \$11.925; December 31, 1982, 153,400 shares at prices from \$9.00 to \$10.125) expiring to April 1987.

## 8. Business segments

|  | Year ended December 31, |                 |                   |                 |                 |
|--|-------------------------|-----------------|-------------------|-----------------|-----------------|
|  | 1983                    | 1982            | 1981              | 1980            | 1979            |
| Operations by industry segment                     |                         |                 |                   |                 |                 |
| Gold mining  |                         |                 |                   |                 |                 |
| Revenue .....                                      | \$23,408                | \$29,987        | \$24,578          | \$37,253        | \$24,698        |
| Operating and administrative expenses .....        | (9,116)                 | (8,897)         | (8,601)           | (8,027)         | (6,724)         |
| Depreciation, depletion, amortization .....        | (612)                   | (504)           | (399)             | (362)           | (388)           |
| Operating profit .....                             | <u>13,680</u>           | <u>20,586</u>   | <u>15,578</u>     | <u>28,864</u>   | <u>17,586</u>   |
| Petroleum and natural gas                          |                         |                 |                   |                 |                 |
| Revenue .....                                      | 9,721                   | 10,379          | 8,889             | 5,087           | 3,685           |
| Operating and administrative expenses .....        | (2,662)                 | (3,430)         | (2,332)           | (961)           | (625)           |
| Depreciation, depletion, amortization .....        | (1,753)                 | (1,800)         | (1,565)           | (950)           | (703)           |
| Operating profit .....                             | <u>5,306</u>            | <u>5,149</u>    | <u>4,992</u>      | <u>3,176</u>    | <u>2,357</u>    |
| Mineral exploration expenditures written off ..... | <u>(214)</u>            | <u>(1,217)</u>  | <u>(1,675)</u>    | <u>—</u>        | <u>(120)</u>    |
| Corporate  |                         |                 |                   |                 |                 |
| Other income (loss) .....                          | 951                     | 1,555           | (3,236)           | 5,941           | 6,534           |
| Administration .....                               | (1,856)                 | (3,911)         | (3,567)           | (2,796)         | (2,255)         |
| Depreciation .....                                 | (395)                   | (346)           | (772)             | (281)           | (217)           |
| Interest .....                                     | <u>(9,820)</u>          | <u>(13,729)</u> | <u>(13,135)</u>   | <u>(4,204)</u>  | <u>(2,462)</u>  |
| Income (loss) before taxes and other items .....   | <u>\$ 7,652</u>         | <u>\$ 8,087</u> | <u>\$ (1,815)</u> | <u>\$30,700</u> | <u>\$21,423</u> |

|  | December 31,     |                  |
|--|------------------|------------------|
|  | 1983             | 1982             |
| Assets by industry segment               |                  |                  |
| Gold mining .....                        | \$ 5,096         | \$ 5,113         |
| Petroleum and natural gas .....          | 48,006           | 49,043           |
| Mineral exploration .....                | 8,910            | 8,822            |
|  | 62,012           | 62,978           |
| Corporate assets .....                   | 7,663            | 6,801            |
| Investment in affiliated companies ..... | 41,496           | 38,998           |
|  | <u>\$111,171</u> | <u>\$108,777</u> |
| Identifiable assets by geographic area   |                  |                  |
| Canada .....                             | \$ 53,807        | \$ 54,954        |
| United States .....                      | 8,205            | 8,024            |
|  | <u>\$62,012</u>  | <u>\$62,978</u>  |

The company's operations are carried out substantially in Canada.

#### 9. Acquisition of Neomar Resources Limited

During 1980 the company increased its ownership in Neomar Resources Limited from 25% to 53% by expending funds on petroleum and natural gas assets in exchange for treasury shares of Neomar. Effective December 31, 1980 the accounts of Neomar were consolidated with the accounts of the Company. The consolidated statement of operations for the year ended December 31, 1980 includes only the company's equity in earnings of Neomar.

Pursuant to terms of various agreements, the company increased its ownership in Neomar to 62.9% by further expenditures of \$2.83 million on exploration activities over the period ending 1983.

Details of the acquisition, which has been accounted for by the purchase method are as follows:

|   |                |
|---|----------------|
| Investment in affiliated company.....                   | \$ 806         |
| Petroleum and natural gas interests.....                | 7,030          |
| Working capital.....                                    | 169            |
| Other assets.....                                       | 370            |
| Total assets.....                                       | 8,375          |
| Loan from the company, eliminated on consolidation..... | 2,735          |
| Net assets as assigned values.....                      | 5,640          |
| Less  |                |
| Consideration to December 31, 1979.....                 | 533            |
| Equity in earnings.....                                 | (2)            |
| Minority interest.....                                  | 2,185          |
|   | 2,716          |
| Cash consideration.....                                 | <u>\$2,924</u> |

#### 10. Related party transactions

- (a) At March 31, 1984, there remained outstanding \$585,000 (December 31, 1983, \$642,000; December 31, 1982, \$620,000) of residence loans bearing interest at 7% per annum and \$600,000 (December 31, 1983, \$600,000; December 31, 1982, \$680,000) of interest free loans to officers or former officers on the acquisition of company shares under an incentive stock option plan.
- (b) As at March 31, 1984 \$787,000 (December 31, 1983, \$1,875,000; December 31, 1982, \$888,000) was receivable from non-consolidated subsidiaries and affiliated companies.
- (c) The company participates in various mineral exploration and petroleum and natural gas projects with certain related companies in the normal course of business. The company shares office premises with certain related companies and certain administrative expenses are allocated amongst the companies.
- (d) During 1981 the company purchased marketable securities from an affiliated company for \$2,563,000 which approximated market value at the time of the purchase.

#### 11. Contingent liabilities and commitments

- (a) Under the provisions of a retirement plan, the payments required to be made by United Siscoe Mines Inc., which equal those payments required by the company, may in certain circumstances become a liability of the company.
  - (b) The company is contingently liable as guarantor of surety bonds in the amount of U.S. \$8,829,000 at March 31, 1984 (December 31, 1983, U.S. \$8,845,000; December 31, 1982, U.S. \$10,281,000) provided to the State of Ohio by Muskingum Mining Incorporated to ensure the performance of reclamation work on that company's coal properties. Management has estimated that the cost of restoring the land affected by mining operation, based on engineering surveys, aggregates U.S. \$1,799,000 at March 31, 1984 (December 31, 1983, U.S. \$1,910,000; December 31, 1982, U.S. \$2,775,000), which represents the usual amount of reclamation work outstanding during the ongoing mining operation.
- The company is also contingently liable as guarantor of certain bank debt of Muskingum aggregating U.S. \$5,427,000 at March 31, 1984 (December 31, 1983, U.S. \$5,788,000; December 31, 1982, U.S. \$6,906,250) which is secured by first charges against the coal lands and certain equipment and the pledge of certain other assets. Management is of the opinion that the value of these assets exceeds the amount required to satisfy the guaranteed bank debt.

#### 12. Subsequent event

The company proposes to amalgamate with Barrick Resources Corporation and Bob-Clare Investments Limited under the provisions of the Business Corporations Act, 1982 (Ontario) on a basis whereby holders of common shares of Barrick will receive one common share of the amalgamated corporation for each common share of Barrick currently held, holders of common shares of the company, except Bob-Clare, will receive seven common shares of the amalgamated corporation for each common share of the company presently held, and all of the shareholders of Bob-Clare will receive 952,381 preferred shares of the amalgamated corporation convertible on a one-for-one basis into common shares of the amalgamated corporation. The company's shares owned by Bob-Clare will be cancelled on the amalgamation. The holders of preferred shares of Barrick will receive one preferred share of the amalgamated corporation having substantially the same attributes for each preferred share of Barrick held. The amalgamation is subject to shareholder and regulatory approvals.

## **BOB-CLARE INVESTMENTS LIMITED**

### **Compilation Report**

To the Directors of

**BOB-CLARE INVESTMENTS LIMITED**

We have reviewed, as to compilation only, the accompanying unaudited pro-forma balance sheet of Bob-Clare Investments Limited as at December 31, 1983 which has been prepared, from the records of the company and from other information supplied to us by the company without audit, for inclusion in the information booklet relating to the proposed amalgamation of the company with Camflo Mines Limited and Barrick Resources Corporation.

In our opinion, the unaudited pro-forma balance sheet has been properly compiled to give effect to the proposed transactions and the assumptions described in note 1 thereto.

Toronto, Canada  
June 14, 1984

(Signed) COOPERS & LYBRAND  
Chartered Accountants

**BOB-CLARE INVESTMENTS LIMITED**

**PRO-FORMA BALANCE SHEET AS AT DECEMBER 31, 1983**

**UNAUDITED — SEE COMPILATION REPORT**

**Assets**

|  | <b>\$</b><br><b>(note 1)</b> |
|--|------------------------------|
| Investment in Camflo Mines Limited (note 2) .....  | 10,406,088                   |
| Investment in petroleum and natural gas properties (net of accumulated depletion of \$1,233,652)<br>(note 2) ..... | <u>4,446,163</u>             |
|  | <u><u>14,852,251</u></u>     |

**Liabilities**

|                                  |                          |
|----------------------------------|--------------------------|
| Bank indebtedness (note 1) ..... | 26,277,000               |
| Gas production prepayments ..... | <u>372,167</u>           |
|                                  | <u><u>26,649,167</u></u> |

**Deficit Less Capital Stock**

|                              |                            |
|------------------------------|----------------------------|
| Deficit (note 4) .....       | (13,822,606)               |
| Capital stock (note 4) ..... | <u>2,025,690</u>           |
|                              | <u><u>(11,796,916)</u></u> |
|                              | <u><u>14,852,251</u></u>   |

## BOB-CLARE INVESTMENTS LIMITED

### NOTES TO PRO-FORMA BALANCE SHEET AS AT DECEMBER 31, 1983

UNAUDITED — SEE COMPILATION REPORT

#### 1. Basis of presentation

The company has agreed to amalgamate with Camflo Mines Limited and Barrick Resources Corporation. The accompanying pro-forma balance sheet has been prepared for inclusion in the information booklet relating to the proposed amalgamation and is based on the following assumptions:

- (a) Only those assets and liabilities remaining in the company at the date of amalgamation have been presented in the pro-forma balance sheet. All other assets, liabilities, guarantees and other similar obligations of the company as at December 31, 1983 will be transferred to another entity prior to amalgamation. The transfer of the other assets and liabilities will be done on a tax-free basis except as described in note 3.
- (b) The company's banker has agreed to cancel indebtedness of approximately \$5,565,000 on the amalgamation of the company with Camflo Mines Limited and Barrick Resources Corporation. Accordingly, the company's bank loans are shown net of this reduction.
- (c) The company's investment in Camflo Mines Limited has been accounted for using the equity method. This basis of accounting is considered appropriate on the basis that the amalgamation is completed.
- (d) The investment in the shares of Camflo Mines Limited includes the purchase of 36,830 shares from certain related parties prior to the amalgamation. These shares are recorded in the pro-forma balance sheet at their fair market value of \$14.70 per share.

#### 2. Accounting policies

##### (a) Investment in Camflo Mines Limited

The company owns 22.3% of the issued common shares of Camflo Mines Limited. As the company exercises a significant influence over the operating and financial policies of Camflo Mines Limited, its investment therein has been accounted for by the equity method. Under this method, the company's share of the net earnings of Camflo Mines Limited is included in the statement of earnings as earned rather than when realized through dividends. The investment is carried on the balance sheet at original cost plus the company's share of the undistributed earnings of Camflo Mines Limited, from the date that the equity method became appropriate, less the amount of dividends received subsequent to that date. The excess of original cost over the book value of the investment is being amortized over forty years using the straight-line method.

##### (b) Investments in Petroleum and Natural Gas Properties

The company accounts for all interests in petroleum and natural gas properties on the equity basis. All costs related to the exploration for and development of petroleum and natural gas reserves are capitalized. Such costs include leasehold acquisition and retention costs, geological and geophysical expenses, carrying charges on non-producing property, cost of drilling wells and related production equipment. Depreciation and depletion are provided on the net costs using the unit-of-production method based on total estimated proven reserves.

#### 3. Income taxes

At December 31, 1983, the company has non-capital losses of approximately \$10,723,000 which may be used to reduce taxable income of future years, expiring as follows:

|           | (\$000)       |
|-----------|---------------|
| 1985..... | 1,128         |
| 1986..... | 3,759         |
| 1987..... | 2,678         |
| 1990..... | 3,158         |
|           | <u>10,723</u> |

The transfer of assets and liabilities, referred to in note 1(a), will result in the reduction in the above non-capital losses by approximately \$611,000.

The company has net capital losses of approximately \$198,000 which may be used to reduce taxable capital gains of future years.

The company has undepreciated capital cost for income tax purposes of \$1,528,000 and resource expenditure pools of \$3,942,000 which may be used to reduce taxable income of future years.

The company has an earned depletion base of approximately \$1,000,000 for income tax purposes. The company can deduct 25% of resource profits earned in future years from income for tax purposes, to the extent of its earned depletion base.

The income tax benefits related to the above amounts have not been reflected in the accompanying balance sheet.

#### 4. Capital stock

The authorized capital of the company is as follows:

##### *Authorized*

|   |                  |
|---|------------------|
| Common shares without par value .....   | 1,000,000        |
| Class A, non-voting preference shares without par value redeemable at \$1 each .....                        | 404,214          |
| 8% Class B, non cumulative, non-voting preference shares without par value, redeemable at issue price ..... | 100              |
| Class C, non cumulative, non-voting, preference shares without par value, redeemable at issue price .....   | <u>1,000,000</u> |
|   | <u>2,404,314</u> |

|                      | Number         | Value<br>\$      |
|----------------------|----------------|------------------|
| <i>Issued</i>        |                |                  |
| Common shares .....  | 10,000         | 66.083           |
| Class A shares ..... | 404,214        | 404,214          |
| Class B shares ..... | 100            | 502,455          |
| Class C shares ..... | <u>105,294</u> | <u>1,052,938</u> |
|                      | <u>519,608</u> | <u>2,025,690</u> |

The company may redeem the Class A, B and C preference shares at any time with the holder's consent. The Class A, B and C preference shares are also redeemable at any time at the option of the holder.

Prior to the amalgamation the company intends to amend its articles of incorporation to reorganize its authorized and issued capital into one class of common shares. Furthermore, certain technical transactions may occur which would affect the individual amounts of capital stock and deficit but which would not affect the \$11,796,916 net deficit. These proposed transactions have not been reflected in the pro-forma balance sheet.



## **AMALCO**

### **Compilation Report**

To the Directors of  
BARRICK RESOURCES CORPORATION,  
CAMFLO MINES LIMITED AND  
BOB-CLARE INVESTMENTS LIMITED

We have reviewed, as to compilation only, the accompanying Pro Forma Consolidated Balance Sheet of Amalco as at March 31, 1984 and Pro Forma Consolidated Statements of Loss and Deficit for the three months ended March 31, 1984 and the year ended December 31, 1983, which have been prepared for inclusion in the information booklet relating to the proposed amalgamation of Barrick Resources Corporation, Camflo Mines Limited and Bob-Clare Investments Limited.

In our opinion, the accompanying Pro Forma Consolidated Balance Sheet as at March 31, 1984 and the Pro Forma Consolidated Statements of Loss and Deficit for the three months then ended and for the year ended December 31, 1983 have been properly compiled to give effect to the proposed transactions and assumptions set out in Notes 1 to 4 thereto.

Toronto, Canada  
June 14, 1984

(Signed) Coopers & Lybrand  
Chartered Accountants

# AMALCO

## PRO-FORMA CONSOLIDATED BALANCE SHEET

As at March 31, 1984

(\$000's)

(unaudited)

### Assets

#### Current assets

|  |               |
|--|---------------|
| Cash and term deposits .....                                 | \$ 4,656      |
| Marketable securities — at cost (market value \$4,130) ..... | 3,606         |
| Accounts receivable .....                                    | 4,981         |
| Inventories and prepaid expenses .....                       | 3,298         |
|  | <u>16,541</u> |
| Cash held in trust .....                                     | 6,711         |

#### Property, plant and equipment

|   |                |
|---|----------------|
| Mining claims, deferred mine development costs and mining equipment ..... | 75,073         |
| Deferred mineral exploration costs .....                                  | 14,000         |
| Oil and gas interests .....   | 80,104         |
| Furniture and equipment .....   | 665            |
|   | <u>169,842</u> |
| Accumulated depreciation .....  | (1,731)        |
|   | <u>168,111</u> |

#### Investments in affiliated companies

|                    |                  |
|--------------------|------------------|
| Other assets ..... | 4,176            |
|                    | <u>\$238,331</u> |

### Liabilities

#### Current liabilities

|  |              |
|--|--------------|
| Bank loans .....                               | \$ 619       |
| Accounts payable and accrued liabilities ..... | 8,530        |
|  | <u>9,149</u> |

#### Long-term debt (Note 2)

|                                  |                |
|----------------------------------|----------------|
| Gas production prepayments ..... | 84,472         |
| Gold trust interest .....        | 2,099          |
| Deferred income taxes .....      | 7,237          |
| Minority interest .....          | 9,951          |
|                                  | <u>2,622</u>   |
|                                  | <u>115,530</u> |

### Shareholders' Equity

|                              |                  |
|------------------------------|------------------|
| Capital stock (Note 3) ..... | 130,977          |
| Deficit .....                | (8,176)          |
|                              | <u>122,801</u>   |
|                              | <u>\$238,331</u> |

See accompanying notes to pro-forma consolidated financial statements and accompanying consolidated financial statements of Barrick, Camflo and Bob-Clare.

# AMALCO

## PRO-FORMA CONSOLIDATED STATEMENTS OF LOSS (\$000's)

|   | Three<br>months<br>ended<br>March 31,<br>1984 | Year<br>ended<br>December 31,<br>1983 |
|---|---|---------------------------------------|
|   | (unaudited)                                   |                                       |
| <b>Revenue</b>  |   |                                       |
| Gold bullion .....  | \$ 6,391                                      | \$25,080                              |
| Petroleum and natural gas .....   | 3,085   | 10,749                                |
|   | <u>9,476</u>                                  | <u>35,829</u>                         |
| <b>Expenses</b>   |   |                                       |
| Operating and administrative expenses .....                               | 5,769   | 17,043                                |
| Depreciation, depletion and amortization .....                            | 2,699   | 9,630                                 |
| Interest, including interest on long-term debt .....                      | 2,356   | 9,820                                 |
| Exploration expenditures written off .....                                | —   | 3,058                                 |
|   | <u>10,824</u>                                 | <u>39,551</u>                         |
|   | (1,348)                                       | (3,722)                               |
| <b>Other income</b> .....   | <u>1,263</u>                                  | <u>1,531</u>                          |
| <b>Loss before taxes and other items</b> .....                            | 85  | 2,191                                 |
| <b>Income and resource taxes</b> .....                                    | <u>745</u>                                    | <u>4,520</u>                          |
|   | 830   | 6,711                                 |
| <b>Minority interest in income (loss) of subsidiary</b> .....             | 4   | (191)                                 |
| <b>Share of loss of affiliated companies</b> .....                        | <u>308</u>                                    | <u>717</u>                            |
| <b>Loss before extraordinary item</b> .....                               | 1,142   | 7,237                                 |
| <b>Reversal of unrealized provision for loss on coal operations</b> ..... | —   | (3,352)                               |
| <b>Loss for the period</b> .....  | <u>\$ 1,142</u>                               | <u>\$ 3,885</u>                       |
| <b>Loss per share (dollars)</b>   |   |                                       |
| Before extraordinary item .....   | <u>\$ 0.01</u>                                | <u>\$ 0.08</u>                        |
| Loss for the period .....   | <u>\$ 0.01</u>                                | <u>\$ 0.05</u>                        |

## PRO-FORMA CONSOLIDATED STATEMENTS OF DEFICIT (\$000's)

|  | Three<br>months<br>ended<br>March 31,<br>1984 | Year<br>ended<br>December 31,<br>1983 |
|--|---|---------------------------------------|
|  | (unaudited)                                   |                                       |
| <b>Deficit at beginning of period</b> .....                          | \$ 7,456                                      | \$ 2,921                              |
| Loss for the period .....  | 1,142   | 3,885                                 |
| Cost incurred in raising capital .....                               | —   | 114                                   |
| Portion of loss for the period arising from acquired companies ..... | (422)   | 536                                   |
| <b>Deficit at end of period</b> .....                                | <u>\$ 8,176</u>                               | <u>\$ 7,456</u>                       |

See accompanying notes to pro-forma consolidated financial statements and accompanying consolidated financial statements of Barrick, Camflo and Bob-Clare.

# AMALCO

## NOTES TO PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

### 1. Basis of presentation

These pro-forma consolidated financial statements are based upon the audited consolidated financial statements of Barrick Resources Corporation ("Barrick") and Camflo Mines Limited ("Camflo") for the year ended December 31, 1983; the unaudited consolidated financial statements of Barrick and Camflo for the period ended March 31, 1984; the unaudited pro-forma financial statements of Bob-Clare Investments Limited ("Bob-Clare") for the year ending December 31, 1983; and an estimate of the pro-forma results of Bob-Clare for the period ended March 31, 1984; adjusted to reflect the following proposed transactions:

- (a) The private placement of Barrick treasury shares for \$30,000,000.
- (b) The restructuring of the Royal Bank debt, immediately prior to amalgamation, into a \$40 million term loan and a \$30 million operating loan in consideration for which the Royal Bank will receive 68,028 common shares and 857,143 warrants of Camflo.
- (c) The amalgamation of Barrick, Camflo and Bob-Clare to form Amalco, and the issuance to Barrick common, first preferred series A and second preferred series A shareholders of similar shares of Amalco on a one-for-one basis, and the issuance to Camflo common shareholders (except for Bob-Clare whose Camflo shares will be cancelled) and warrant holders of common shares and warrants, respectively, of Amalco on a seven-for-one basis. The Bob-Clare shareholders will receive 952,381 convertible, redeemable preferred shares of Amalco, which are convertible into common shares of Amalco on a one-for-one basis.
- (d) Repayment by Amalco of \$26,277,000 of bank debt from the proceeds of the private placement referred to in paragraph (a) above.

As the amalgamation of Barrick, Camflo and Bob-Clare will result in the shareholders of Barrick owning a majority of the shares of Amalco, the transaction will be accounted for as a purchase by Barrick of Camflo and Bob-Clare as at the effective date of amalgamation. The pro-forma consolidated balance sheet reflects the amalgamation as at March 31, 1984.

The fair value of assets and liabilities being acquired are \$184,864,000 and \$132,098,000, respectively. The excess of fair value over book value of \$66,605,000 has been allocated to the assets acquired. The fair value of the consideration given to the shareholders and warrant holders of Camflo and Bob-Clare to acquire the net assets is set out below:

|  | <u>Number</u> | <u>(\$000's)</u> |
|--|---------------|------------------|
| Common shares .....                    | 22,745,695    | \$47,766         |
| First preferred shares, Series B ..... | 952,381       | 2,000            |
| Warrants .....                         | 6,000,001     | 3,000            |
|  |               | <u>\$52,766</u>  |

The pro-forma consolidated statements of loss and deficit have been compiled from the statements of loss and deficit of Barrick, Camflo and Bob-Clare as though the amalgamation and the transactions outlined above had taken place on January 1, 1983.

### 2. Long-term debt

|  | <u>(\$000's)</u> |
|--|------------------|
| Bank term loan; interest at bank prime plus 1%, principal payments deferred until July 1989. The loan may be converted to a fixed rate facility for up to 2½ years from the date of Amalgamation. Interest on the facility will be fixed at the bank's matched fund base rate in effect at the time of conversion. The loan is secured jointly with the operating loan by marketable securities, investments in subsidiaries and affiliates, oil and gas properties, a floating charge debenture on the assets previously owned by Camflo, and a negative pledge on the other assets of Amalco ..... | \$40,000         |
| Bank operating loan; interest at bank prime plus 1% secured jointly with the bank term loan, \$10,000,000 due April 1985 and the balance due on demand thereafter .....  | 29,519           |
| Other existing long-term debt of Camflo .....  | 10,346           |
| Existing long-term debt of Barrick .....   | 4,607            |
|  | <u>\$84,472</u>  |

### 3. Capital stock

|                                       | <u>Number</u> | <u>\$000's</u>   |
|---------------------------------------|---------------|------------------|
| Common shares without par value ..... | 95,032,094    | \$124,182        |
| First preferred shares                |               |                  |
| Series A .....                        | 412,423       | 783              |
| Series B .....                        | 952,381       | 2,000            |
| Second preferred shares               |               |                  |
| Series A .....                        | 416,858       | 1,012            |
| Warrants .....                        | 6,000,001     | 3,000            |
|                                       |               | <u>\$130,977</u> |

First and second preferred shares, Series A, of Amalco have identical attributes to first and second preferred shares, Series A, of Barrick.

First preferred shares, Series B of Amalco are convertible on a one-for-one basis into common shares of Amalco, carry a non-cumulative dividend at a rate of \$0.126 per annum and are redeemable at the option of Amalco at \$2.3625 per share at any time after the first anniversary of the effective date of the Amalgamation.

Each warrant entitles the holder to subscribe for one common share of Amalco at \$2.10 for a period of five years from the date of amalgamation. Amalco has entered into an agreement whereby it may be required to repurchase 3,000,000 warrants at \$0.50 each during the twelve-month period immediately following amalgamation.

No deduction has been made from shareholders equity or investment in affiliated companies for shares of Amalco held by affiliates of Camflo.

The loss per share calculations have been based on the weighted average number of shares outstanding after eliminating Amalco's portion of its shares held by affiliated companies.

### 4. Depreciation, depletion and amortization

\$60,123,000 and \$3,767,000 of the excess of fair value over book value referred in Note 1 has been allocated to gold properties and oil and gas interests respectively and will be amortized on the same basis as the related asset. As a result of this allocation, depreciation, depletion and amortization includes additional charges of \$1,538,000 and \$6,153,000 for the three months ended March 31, 1984 and the year ended December 31, 1983 respectively.

## SCHEDULE A

### AMALGAMATION AGREEMENT

THIS AMALGAMATION AGREEMENT dated as of the 14th day of June, 1984.

AMONG:

BARRICK RESOURCES CORPORATION, a corporation constituted under the laws of Canada, and to be continued under the laws of the Province of Ontario, (hereinafter referred to as "Barrick")

OF THE FIRST PART,

— and —

CAMFLO MINES LIMITED, a corporation incorporated under the laws of the Province of Ontario, (hereinafter referred to as "Camflo"),

OF THE SECOND PART,

— and —

BOB-CLARE INVESTMENTS LIMITED, a corporation incorporated under the laws of the Province of Ontario, (hereinafter referred to as "Bob-Clare"),

OF THE THIRD PART.

THIS AGREEMENT WITNESSETH as follows:

### ARTICLE ONE

#### DEFINITIONS

Section 1.01 In this Agreement, including the schedules hereto:

- (a) "Act" means the Business Corporations Act, 1982 (Ontario);
- (b) "Agreement" means this amalgamation agreement and includes the schedules attached hereto;
- (c) "Amalgamation" means the amalgamation of the Amalgamating Corporations as contemplated in this Agreement;
- (d) "Amalgamated Corporation" means the corporation continuing from the amalgamation of the Amalgamating Corporations;
- (e) "Amalgamating Corporations" means Barrick, Camflo and Bob-Clare;
- (f) "Articles of Amalgamation" means the Articles of Amalgamation contemplated in section 5.01 hereof;
- (g) "Barrick Common Share" means a common share in the capital of Barrick as the same is constituted on the date hereof;
- (h) "Barrick First Preferred Share" means a \$0.114 Non-Cumulative Redeemable Convertible First Preferred Share, Series A in the capital of Barrick as the same is constituted on the date hereof;
- (i) "Barrick Second Preferred Share" means a \$0.222 Non-Cumulative Redeemable Convertible Exchangeable Second Preferred Share, Series A in the capital of Barrick as the same is constituted on the date hereof;

- (j) "*Barrick Subsidiaries*" means Barrick Exploration Company, Barrick Petroleum Corporation and Renabie Mines (1981) Limited;
- (k) "*Board of Directors*" means the board of directors of the Amalgamated Corporation;
- (l) "*Bob-Clare Common Share*" means a common share in the capital of Bob-Clare;
- (m) "*Camflo Common Share*" means a common share in the capital of Camflo as the same is constituted on the date hereof;
- (n) "*Camflo Loan Arrangements*" means the arrangements relating to the restructuring of Camflo's bank debt involving Barrick, Camflo, Bob-Clare, the Royal Bank, the Amalgamated Corporation and Davidson Partners Limited as contemplated under the heading "Restructuring of Bank Debt" in the Information Booklet;
- (o) "*Camflo Related Companies*" means Siscoe, La Luz Mines Limited, Neomar Resources Limited, Wilanour Resources Limited, Chesbar Resources Inc., Coin Lake Gold Mines Limited, Consolidated Marcus Gold Mines Limited, Annco Mines Limited and Wilmar Resources Limited;
- (p) "*Camflo Warrants*" means the warrants to be issued by Camflo to the Royal Bank in accordance with the Camflo Loan Arrangements;
- (q) "*Certificate of Amalgamation*" means the certificate of amalgamation to be issued to the Amalgamated Corporation pursuant to the Act;
- (r) "*Certificate of Continuance*" means the certificate of continuance to be issued to Barrick pursuant to the Act continuing Barrick as if it had been incorporated under the Act;
- (s) "*Effective Date*" means the date of the Amalgamation as set forth in the Certificate of Amalgamation;
- (t) "*Fasken*" means Robert E. Fasken, of the Town of Oakville, in the Regional Municipality of Halton;
- (u) "*Information Booklet*" means the joint information booklet of Barrick and Camflo dated June 14, 1984 to accompany the notices of shareholders meetings to be held for approval and adoption of this Agreement;
- (v) "*Remaining Bob-Clare Assets*" means the assets of Bob-Clare described in clause 8.01(e)(i) hereof;
- (w) "*Royal Bank*" means The Royal Bank of Canada;
- (x) "*Siscoe*" means United Siscoe Mines Inc., a corporation incorporated under the laws of the Province of Quebec;
- (y) "*377588*" means 377588 Ontario Inc., a corporation incorporated under the Act; and
- (z) "*Trust*" means The Robert E. Fasken Family Trust.

Words and phrases used herein and defined in the Act shall have the same meaning herein as in the Act unless the context otherwise requires.

## ARTICLE TWO

### AMALGAMATION

**Section 2.01 Agreement:** The Amalgamating Corporations agree to amalgamate pursuant to the provisions of section 173 of the Act as of the Effective Date and to continue as one corporation on the terms and conditions herein described:

**Section 2.02 Effective Date of Amalgamation:** On the Effective Date, the Amalgamation becomes effective and the Amalgamating Corporations are amalgamated and continued as one corporation under the terms and conditions of this Agreement and the Amalgamated Corporation shall possess all of the property, rights, privileges and franchises and shall be subject to all of the liabilities, contracts, disabilities and debts of each of the Amalgamating Corporations.

## ARTICLE THREE

### AMALGAMATED CORPORATION

Section 3.01 *Name*: The English language form of the name of the Amalgamated Corporation shall be Barrick Resources Corporation.

The French language form of the name of the Amalgamated Corporation shall be Société extractive Barrick.

Section 3.02 *Business*: There shall be no restrictions on the business that the Amalgamated Corporation may carry on.

Section 3.03 *Registered Office*: The registered office of the Amalgamated Corporation shall be in the Municipality of Metropolitan Toronto in the Province of Ontario. The address of the registered office of the Amalgamated Corporation in the Municipality of Metropolitan Toronto shall be 24 Hazelton Avenue, Toronto, Ontario, M5R 2E2.

#### Section 3.04 *Authorized Capital*:

(a) The authorized share capital of the Amalgamated Corporation shall consist of:

- (i) an unlimited number of shares without nominal or par value designated as common shares (the "Common Shares");
- (ii) an unlimited number of shares without nominal or par value, issuable in series and designated as First Preferred Shares (the "First Preferred Shares"); and
- (iii) an unlimited number of shares without nominal or par value, issuable in series and designated as Second Preferred Shares (the "Second Preferred Shares").

(b) The rights, privileges, restrictions and conditions attaching to the First Preferred Shares and to the first and second series thereof (the "First Preferred Shares, Series A" and the "First Preferred Shares, Series B", respectively) and the number of First Preferred Shares to constitute the first and second series thereof are set out in Schedule I attached hereto.

(c) The rights, privileges, restrictions and conditions attaching to the Second Preferred Shares and to the first series thereof (the "Second Preferred Shares, Series A") and the number of Second Preferred Shares to constitute the first series thereof are set out in Schedule II attached hereto.

#### Section 3.05 *Directors*:

(a) *Number*: The Board of Directors shall, until otherwise changed in accordance with the Act, consist of a minimum of five (5) and a maximum of fifteen (15) directors;

(b) *First Directors*: The first directors of the Amalgamated Corporation shall be the persons whose names and addresses appear below:

| <u>Full Name</u>                  | <u>Residence Address</u>                             |
|-----------------------------------|--|
| Howard Leighton Beck .....        | 3 Ormsby Crescent, Toronto, Ontario, M5P 2V2         |
| Charles William David Birchall .. | P.O. Box N8181, Lyford Cay, Nassau, Bahamas          |
| Stephen Roland Dattels .....      | 72 Glengowan Road, Toronto, Ontario, M4N 1G4         |
| Robert Edward Fasken.....         | 2228 Chancery Lane, Oakville, Ontario, L6J 6A3       |
| David Harrison Gilmour .....      | Lyford Cay Drive, Nassau, Bahamas                    |
| John Pharr Holmes.....            | 925 Park Avenue, New York, NY 10028 U.S.A.           |
| Garfield James Last .....         | 143 Dunvegan Road, Toronto, Ontario, M5P 2N8         |
| Essam Khashoggi.....              | Suite 10, 55 Park Lane, London, W1, England          |
| Paul Anthony Novelty .....        | 7930 Clayton Road, St. Louis, Missouri, U.S.A. 63117 |
| Peter Munk.....                   | 19 Highland Avenue, Toronto, Ontario, M4W 2A2        |
| Joseph Louis Rotman.....          | 12 Robinwood Avenue, Toronto, Ontario, M5P 1X7       |
| Norman John Short .....           | 4 May Street, Toronto, Ontario, M5W 2Y1              |



Each of the foregoing is a Canadian resident except for Messrs. Birchall, Gilmour, Holmes, Khashoggi and Novelty. The said first directors shall hold office until their successors are elected or appointed. The election of the subsequent directors shall take place yearly at the annual meeting of shareholders of the Amalgamated Corporation and shall be by a show of hands unless a ballot is demanded by a shareholder in accordance with subsection 114(3) of the Act.

Section 3.06 *By-Laws*: The by-laws of the Amalgamated Corporation shall be as set out in Schedule III attached hereto.

Section 3.07 *Additional Borrowing Powers*: Without restricting any of the powers and capacities of the Amalgamated Corporation, whether derived from the Act or otherwise, the Board of Directors may, without authorization of the shareholders of the Amalgamated Corporation:

- (a) borrow money upon the credit of the Amalgamated Corporation;
- (b) issue, reissue, sell or pledge debt obligations of the Amalgamated Corporation;
- (c) subject to section 20 of the Act, give a guarantee on behalf of the Amalgamated Corporation to secure the performance of any obligation of any person; and
- (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Amalgamated Corporation, owned or subsequently acquired, to secure any obligation of the Amalgamated Corporation.

The Board of Directors may from time to time delegate to such one or more of the directors and officers of the Amalgamated Corporation as may be designated by the Board of Directors all or any of the powers conferred on the Board of Directors above to such extent and in such manner as the Board of Directors shall determine at the time of such delegation.

For greater certainty, the foregoing powers conferred on the Board of Directors shall be deemed to include the powers conferred by Division VII of the Special Corporate Powers Act, R.S.Q. 1977, Chapter P-16 and every statutory provision that may be substituted therefor or for any provision therein.

Section 3.08 *Restrictions on Transfer*: There shall be no restrictions on the right to transfer shares of the Amalgamated Corporation.

## ARTICLE FOUR

### CONVERSION OF SECURITIES INTO THOSE OF THE AMALGAMATED CORPORATION

Section 4.01 *Conversion of Shares*: The shares in the capital of the Amalgamating Corporations which are issued and outstanding immediately prior to the Amalgamation becoming effective shall, on and from the Effective Date, be converted into issued and outstanding shares in the capital of the Amalgamated Corporation as follows:

- (a) each issued and outstanding Barrick Common Share shall be converted into one (1) issued and fully-paid Common Share of the Amalgamated Corporation;
- (b) each issued and outstanding Barrick First Preferred Share shall be converted into one (1) issued and fully-paid First Preferred Share, Series A of the Amalgamated Corporation;
- (c) each issued and outstanding Barrick Second Preferred Share shall be converted into one (1) issued and fully-paid Second Preferred Share, Series A of the Amalgamated Corporation;
- (d) each issued and outstanding Camflo Common Share, other than the Camflo Common Shares to be cancelled as provided in section 4.02 hereof, shall be converted into seven (7) issued and fully-paid Common Shares of the Amalgamated Corporation; and
- (e) all of the issued and outstanding Bob-Clare Common Shares shall be converted into an aggregate of nine hundred and fifty-two thousand three hundred and eighty-one (952,381) issued and fully-paid First Preferred Shares, Series B of the Amalgamated Corporation.

After the filing of the Articles of Amalgamation and the issuance of the Certificate of Amalgamation, the shareholders of the Amalgamating Corporations, other than shareholders of Barrick, when requested by the Amalgamated Corporation, shall surrender the certificates representing the shares held by them in such Amalgamating Corporations and, subject to the provisions of the Act and section 4.02 hereof, shall be entitled in

return to receive certificates for shares of the Amalgamated Corporation on the aforesaid basis. The share certificates representing Barrick Common Shares, Barrick First Preferred Shares and Barrick Second Preferred Shares shall, upon the Amalgamation, be deemed to represent an equivalent number of Common Shares, First Preferred Shares, Series A and Second Preferred Shares, Series A, respectively, of the Amalgamated Corporation.

Section 4.02 *Camflo Common Shares Held by Bob-Clare*: All Camflo Common Shares held by Bob-Clare immediately prior to the Amalgamation becoming effective shall, on and from the Effective Date, be cancelled without any repayment of capital in respect thereof.

Section 4.03 *Conversion of Camflo Warrants*: On and from the Effective Date, each holder of a Camflo Warrant will be entitled to receive in exchange therefor seven (7) warrants to purchase Common Shares of the Amalgamated Corporation, each of which warrants shall be exercisable upon the same terms and conditions as the Camflo Warrants except that the exercise price, subject to adjustment in certain events as provided in the Warrant Indenture under which such warrants are issued, shall be \$2.10 per share.

Section 4.04 *Stated Capital*: Subject to the decrease provided in section 4.02 hereof, the stated capital of the Amalgamated Corporation shall be equal to the aggregate of the stated capitals of the Amalgamating Corporations immediately prior to the Amalgamation becoming effective. The stated capital in respect of the First Preferred Shares, Series A referred to in paragraph 4.01(b) hereof, the First Preferred Shares, Series B referred to in paragraph 4.01(e) hereof and the Second Preferred Shares, Series A referred to in paragraph 4.01(c) hereof shall be in each case the product obtained when the number of such shares issued upon the Amalgamation is multiplied by \$1.90, \$2.10 and \$2.43, respectively, and the remainder of the stated capital of the Amalgamated Corporation shall be allocated to the Common Shares.

Section 4.05 *Fractional Shares*: No fractional shares of the Amalgamated Corporation will be issued. Shareholders who are entitled to a fraction of a share will be entitled to receive a bearer fractional certificate in respect of such fraction and, on presentation at the office of the transfer agent referred to hereafter of bearer fractional certificates for fractions that together represent a whole share, will be entitled to a share certificate for a whole share.

## ARTICLE FIVE

### ARTICLES OF AMALGAMATION

Section 5.01 *Filing*: Subject to section 5.02 hereof, as soon as practicable, but in any event not later than two business days, or such other period as the Amalgamating Corporations may agree upon, after all conditions herein provided for have been satisfied or waived, the Amalgamating Corporations shall jointly file with the Director under the Act, articles of amalgamation and such other documents as may be required for the purpose of giving effect to the Amalgamation.

Section 5.02 *Termination*: Notwithstanding the approval of this Agreement by the shareholders of all or any one of the Amalgamating Corporations, this Agreement may be terminated at any time before the endorsement of the Certificate of Amalgamation:

- (a) by resolution of the board of directors of any one of the Amalgamating Corporations:
  - (i) if any of the mutual conditions precedent set out in section 12.01 hereof has not been fulfilled on or before July 31, 1984 or such other date as may be mutually agreed upon by the parties hereto, or
  - (ii) if the Effective Date has not occurred on or before July 31, 1984 or such other date as may be mutually agreed upon by the parties hereto,and such Amalgamating Corporation elects to terminate this Agreement by notice in writing to the other parties;
- (b) by resolution of the board of directors of Barrick:
  - (i) if there exists a misrepresentation or breach of warranty by Camflo or Bob-Clare,
  - (ii) if there is an adverse change in the business or financial condition of Camflo or Bob-Clare,
  - (iii) in the event that the holders of more than 3% of the issued and outstanding shares of Barrick serve and have not withdrawn written notices of objection:

- (A) under section 184 of the Canada Business Corporations Act (Canada) to a special resolution approving the continuance of Barrick as if it had been incorporated under the Act, or
  - (B) under section 184 of the Act to a special resolution approving and adopting this Agreement,
  - (iv) in the event that the holders of more than 3% of the issued and outstanding shares of Camflo serve and have not withdrawn written notices of objection under section 184 of the Act to a special resolution approving and adopting this Agreement and the Amalgamation, or
  - (v) if any of the conditions set out in section 13.01 hereof which has not been waived by Barrick has not been satisfied on or before the Effective Date,
- and Barrick elects to terminate this Agreement by notice in writing to Camflo and Bob-Clare;
- (c) by resolution of the board of directors of Camflo:
    - (i) if there exists a misrepresentation or breach of warranty by Barrick or Bob-Clare,
    - (ii) if there is an adverse change in the business or financial condition of Barrick or Bob-Clare,
    - (iii) in the event that the holders of more than 3% of the issued and outstanding shares of Camflo serve and have not withdrawn written notices of objection under section 184 of the Act to a special resolution approving and adopting this Agreement, or
    - (iv) in the event that the holders of more than 3% of the issued and outstanding shares of Barrick serve and have not withdrawn written notices of objection:
      - (A) under section 184 of the Canada Business Corporations Act (Canada) to a special resolution approving of the continuance of Barrick as if it had been incorporated under the Act,
      - (B) under section 184 of the Act to a special resolution approving and adopting this Agreement, or
    - (v) if any of the conditions set out in section 14.01 hereof which has not been waived by Camflo has not been satisfied on or before the Effective Date,
- and Camflo elects to terminate this Agreement by notice in writing to Barrick and Bob-Clare;
- (d) by resolution of the board of directors of Bob-Clare if any of the conditions set out in section 15.01 hereof which have not been waived by Bob-Clare have not been satisfied on or before the Effective Date and Bob-Clare elects to terminate this Agreement by notice in writing to Barrick and Camflo; or
  - (e) by mutual agreement of the Amalgamating Corporations.

In addition, without in any way limiting the generality of the foregoing, this Agreement shall be terminated unless shareholders of Barrick and Camflo, respectively, who have declared in form and terms satisfactory to Barrick and Camflo that they are not nationals, citizens or residents of, or persons normally resident in, the United States or any of its territories or possessions (referred to herein as "Non-U.S. Shareholders"), holding shares of Barrick and Camflo representing in excess of 66⅔% of the total number of shares of such corporations voted by Non-U.S. Shareholders in respect of the special resolution to approve and adopt this Agreement, have voted either in person or by proxy in favour of such special resolution at the meeting of shareholders of such corporation called for the purpose of passing such special resolution.

## ARTICLE SIX

### COVENANTS OF BARRICK

**Section 6.01 Covenants of Barrick:** Barrick covenants and agrees with Camflo and Bob-Clare from the date hereof to the Effective Date:

- (a) not to declare or pay any dividends or make any distribution of its properties or assets to its shareholders or retire any Barrick shares or, except as contemplated in clause 12.01(e)(ii) hereof, issue any shares in addition to those outstanding at the date hereof;
- (b) not to grant stock options or other options, warrants or rights to purchase Barrick shares except pursuant to a stock incentive plan to be created for the benefit of employees of Renabie Mines (1981) Limited;
- (c) not to merge into or with, consolidate with, or sell all or any substantial part of its assets to any other corporation or person or perform any act or enter into any transaction or negotiation which might interfere or

be inconsistent with the consummation of the transactions contemplated hereby or which would render inaccurate any of the representations and warranties set forth in Article Nine if such representations and warranties were made at a time subsequent to such act or transaction and all references to the date of this Agreement were deemed to be to such later date;

- (d) not to alter or amend in any way its articles of incorporation or by-laws as the same exist at the date of this Agreement other than as may be necessary to give effect to its continuance under the Act;
- (e) to use its best efforts to obtain all necessary consents, assignments, waivers and amendments or terminations to any instruments and to take such other measures as may be appropriate to fulfill its obligations under and to carry out the transactions contemplated by this Agreement;
- (f) not to engage in any business, enterprise or other activity materially different from that carried on by it at the date of this Agreement or establish any new office or enter into any transaction or incur any obligation other than in the ordinary course of business;
- (g) to furnish to Camflo such information, in addition to the information contained in this Agreement, relating to the financial condition, business, properties, title, assets and affairs of Barrick and the Barrick Subsidiaries as may reasonably be requested by Camflo;
- (h) to convene a special meeting of shareholders of Barrick and solicit proxies from Non-U.S. Shareholders to be voted at such meeting in favour of the continuance of Barrick under the Act, the approval and adoption of this Agreement and the transactions contemplated hereby;
- (i) except as contemplated herein, to cause the business of Barrick and the Barrick Subsidiaries to be conducted in the ordinary course;
- (j) to notify Camflo immediately upon becoming aware that the Information Booklet is not true, correct and complete in all material respects or contains any untrue statement of any material fact or omits to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading;
- (k) to take all such steps as may be necessary to ensure that, immediately prior to the Amalgamation becoming effective, its aggregate outstanding bank indebtedness shall not exceed \$3,000,000; and
- (l) prior to the Effective Date, to enter into such agreements as may be necessary to give effect to the Camflo Loan Arrangements.

## ARTICLE SEVEN

### COVENANTS OF CAMFLO

Section 7.01 *Covenants of Camflo*: Camflo covenants and agrees with Barrick and Bob-Clare from the date hereof to the Effective Date:

- (a) not to declare or pay any dividends or make any distribution of its properties or assets to its shareholders or retire any Camflo shares or issue any shares in addition to those outstanding at the date hereof other than the Camflo Common Shares to be issued to the Royal Bank in accordance with the Camflo Loan Arrangements;
- (b) not to grant stock options or other options, warrants or rights to purchase Camflo shares other than the Camflo Warrants;
- (c) not to merge into or with, consolidate with, or sell all or any substantial part of its assets to, any other corporation or person or perform any act or enter into any transaction or negotiation which might interfere or be inconsistent with the consummation of the transactions contemplated hereby or which would render inaccurate any of the representations and warranties set forth in Article Ten if such representations and warranties were made at a time subsequent to such act or transaction and all references to the date of this Agreement were deemed to be to such later date;
- (d) not to alter or amend in any way its articles of incorporation or by-laws as the same exist at the date of this Agreement;
- (e) to use its best efforts to obtain all necessary consents, assignments, waivers and amendments or terminations to any instruments and take such other measures as may be appropriate to fulfill its obligations under and to carry out the transactions contemplated by this Agreement;

- (f) not to engage in any business, enterprise or other activity materially different from that carried on by it at the date of this Agreement or establish any new office or enter into any transaction or incur any obligation other than in the ordinary course of business;
- (g) to furnish to Barrick such information, in addition to the information contained in this Agreement, relating to the financial condition, business, properties, title, assets and affairs of Camflo and the Camflo Related Companies as may reasonably be requested by Barrick;
- (h) to convene a special meeting of shareholders of Camflo and solicit proxies from Non-U.S. Shareholders to be voted at such meeting in favour of the approval and adoption of this Agreement and the transactions contemplated hereby;
- (i) except as contemplated herein, to cause the business of Camflo and the Camflo Related Companies to be conducted in the ordinary course;
- (j) to notify Barrick immediately upon becoming aware that the Information Booklet is not true, correct and complete in all material respects or contains any untrue statement of any material fact or omits to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading;
- (k) prior to the Effective Date, to enter into such agreements as may be necessary to give effect to the Camflo Loan Arrangements including the issuance to the Royal Bank of 68,028 Camflo Common Shares and the issuance to the Royal Bank of 857,143 Camflo Warrants;
- (l) to take all such steps as may be necessary to ensure that, immediately prior to the Amalgamation becoming effective, its aggregate outstanding bank indebtedness shall be approximately \$70,000,000 and, in any event, not in excess of \$71,500,000; and
- (m) to enter into an agreement with Fasken whereby Fasken releases Camflo and Siscoe from any and all obligations which they may have under the agreements between Fasken and Camflo and between Fasken and Siscoe, dated December 10, 1979 and December 21, 1979, respectively.

## ARTICLE EIGHT

### COVENANTS OF BOB-CLARE

Section 8.01 *Covenants of Bob-Clare*: Bob-Clare covenants and agrees with Barrick and Camflo from the date hereof to the Effective Date:

- (a) to use its best efforts to obtain all necessary consents, assignments, waivers and amendments or terminations to any instruments and take such other measures as may be appropriate to fulfill its obligations under and to carry out the transactions contemplated by this Agreement;
- (b) to furnish to Barrick and Camflo such information, in addition to the information contained in this Agreement, relating to the financial condition, business, properties, title, assets and affairs of Bob-Clare as may reasonably be requested by Barrick or Camflo;
- (c) to convene a special meeting of shareholders of Bob-Clare for the purpose of approving and adopting this Agreement and the transactions contemplated hereby;
- (d) to notify Barrick and Camflo immediately upon becoming aware that the Information Booklet is not true, correct and complete in all material respects or contains any untrue statement of any material fact or omits to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading;
- (e) to take all such steps as may be necessary to ensure that, immediately prior to the Amalgamation becoming effective:
  - (i) it shall have no assets other than the assets and properties identified under the heading "Bob-Clare Investments Limited — Petroleum and Natural Gas Interests" in the Information Booklet and 910,000 Camflo Common Shares;
  - (ii) it shall have not less than \$15,000,000 available as deductions or losses in computing its income and taxable income for the purposes of the Income Act (Canada) in respect of taxation years commencing after 1983;

- (iii) it shall have no liabilities, contingent or otherwise, other than as disclosed in the Information Booklet and the pro-forma financial statements of Bob-Clare included therein; and
- (iv) it shall have no shares issued and outstanding other than Bob-Clare Common Shares;
- (f) subject to any restrictions imposed by regulatory authorities, to vote the Camflo Common Shares which it holds as at the date hereof and any and all other Camflo Common Shares as it may hereafter acquire in favor of the approval and adoption of this Agreement and the transactions contemplated hereby; and
- (g) not to sell, assign, transfer, encumber or otherwise grant any security or other interest in the Camflo Common Shares which it holds as at the date hereof in such a way as to restrict its ability to comply with paragraph 8.01(f) hereof.

## ARTICLE NINE

### REPRESENTATIONS AND WARRANTIES OF BARRICK

Section 9.01 Representations and Warranties of Barrick: Barrick hereby represents and warrants to Camflo as follows:

- (a) Barrick is a corporation duly constituted, organized and validly existing under the Canada Business Corporations Act (Canada) and has the power and authority to own or lease all of its property and assets and to carry on its business as it is now being conducted and is duly licensed or qualified as a foreign corporation in each jurisdiction in which the character of any material property and assets now owned by it or the nature of the material business now conducted by it requires it to be licensed or qualified and has filed all returns required to be filed and paid all fees and taxes required to be paid by it to maintain each such licence or qualification;
- (b) Barrick has the corporate power and authority to enter into this Agreement and, subject to the approval and adoption of this Agreement by the holders of not less than two-thirds of its shares voting thereon, this Agreement, the execution thereof and the transactions contemplated hereunder have been duly authorized by all necessary corporate action on the part of Barrick;
- (c) as at May 31, 1984 the authorized capital of Barrick consists of an unlimited number of Barrick Common Shares without nominal or par value of which 58,157,221 are outstanding as fully paid and non-assessable; an unlimited number of first preferred shares without nominal or par value of which 255,887 Barrick First Preferred Shares are issued and outstanding as fully paid and non-assessable; and an unlimited number of second preferred shares of which 302,308 Barrick Second Preferred Shares are issued and outstanding as fully paid and non-assessable;
- (d) no person, firm or corporation has any agreement, warrant or option or any right capable of becoming an agreement, warrant or option, for the purchase of any unissued shares in the capital of Barrick except as disclosed in the Information Booklet;
- (e) the consolidated financial statements of Barrick as at and for the year ended December 31, 1983 (the "Audited Barrick Statements") and the unaudited financial statements of Barrick as at and for the three months ended March 31, 1984 (the "Unaudited Barrick Statements"), together in each case with the notes thereto, present fairly the consolidated financial position of Barrick and the Barrick Subsidiaries and have been prepared in accordance with generally accepted accounting principles applied on a consistent basis. At December 31, 1983, Barrick had no material indebtedness or liabilities (absolute or contingent) which is not shown on or reflected in the Audited Barrick Statements, or the notes thereto, and which is required to be shown thereon or reflected therein in accordance with generally accepted accounting principles. Except as set forth in the Audited Barrick Statements and the notes thereto, on the date hereof Barrick does not have outstanding any material indebtedness or liabilities (absolute or contingent), other than those incurred since December 31, 1983 in the ordinary course of business, and nothing in the conduct of the business of Barrick has created a basis for any such material liability. Barrick is not in default in connection with any material indebtedness or liability or under any indenture, loan agreement or other instrument pursuant to which it has incurred any material indebtedness;

- (f) there have been no changes since March 31, 1984 in the condition, financial or otherwise, or in the results of operations of Barrick as shown on or reflected in the Unaudited Barrick Statements which have had or may reasonably be expected to have a materially adverse effect on the business, prospects, property, financial condition or results of operations of Barrick and the Barrick Subsidiaries taken as a whole except as disclosed in the Information Booklet;
- (g) Barrick and the Barrick Subsidiaries do not own any Camflo Common Shares or Bob-Clare Common Shares;
- (h) there are no agreements, covenants, undertakings or other commitments of Barrick or any instruments binding upon it or any of its properties:
  - (i) which would preclude Barrick entering into this Agreement or completing the Amalgamation;
  - (ii) under which the Amalgamation would have the effect of imposing restrictions or obligations on the Amalgamated Corporation greater than those currently imposed upon Barrick; or
  - (iii) which would give a third party, as a result of the Amalgamation, a right to terminate any material agreement to which Barrick or any of the Barrick Subsidiaries is a party or to purchase any of their assets;
- (i) there are no material actions, suits, proceedings or investigations whether or not purportedly on behalf of Barrick pending or to the knowledge of Barrick threatened against or affecting Barrick at law or in equity or before or by any governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or before any arbitrator of any kind which would involve the possibility of any judgment or liability not fully covered by insurance in excess of a reasonable deductible amount except as disclosed in the Information Booklet;
- (j) since December 31, 1983, Barrick has not declared or paid any dividends or made any distribution of its properties or assets to shareholders and, except as disclosed in the Information Booklet, Barrick has not disposed of or entered into any agreement to dispose of any of its assets or incurred any indebtedness except in the ordinary course of business or allowed any tax or other liability to be extended by waiver of any statute of limitations or otherwise;
- (k) the business of Barrick is not being conducted in violation of any law, ordinance or regulation of any governmental entity, except for violations which will not either singly or in the aggregate have a material adverse effect on the business, operations, properties, assets or condition, financial or otherwise, of Barrick taken as a whole and to the best of the knowledge of Barrick, no investigation or review by any governmental entity with respect to Barrick is pending or threatened, nor has any governmental entity indicated an intention to conduct the same, which can reasonably be expected to have a material adverse effect on the business, operations, properties, assets or condition, financial or otherwise, of Barrick taken as a whole;
- (l) the execution and delivery of this Agreement, the consummation of the Amalgamation and the fulfillment of and compliance with the terms and provisions hereof do not:
  - (i) violate any provision of law of Canada or any province thereof or any administrative regulation of Canada or any province thereof or any judicial or administrative order, award, judgment or decree applicable to Barrick;
  - (ii) conflict with any terms, conditions or provisions of the articles or by-laws of Barrick; or
  - (iii) conflict with, result in a breach of, constitute a default under, or accelerate or permit the acceleration of the performance required by, any agreement or instrument to which Barrick is a party or by which it is bound or to which its property is subject or result in the cancellation, suspension or material alteration in the terms of any licence, permit or authority held by Barrick or in the creation of any lien, charge or encumbrance upon any of the assets of Barrick under any such agreement or instrument, or give to others any material interest or rights, including rights of purchase, termination, cancellation or acceleration, under any such agreement or instrument;
- (m) Barrick owns 50% of the issued and outstanding shares in the capital of Renabie Mines (1981) Limited, 90% of the issued and outstanding shares in the capital of Barrick Exploration Company and 100% of the issued and outstanding shares in the capital of Barrick Petroleum Corporation with a good and marketable title thereto in each case free and clear of all mortgages, liens, charges, security interests, adverse claims, pledges, encumbrances and demands whatsoever except for the option in favour of Campbell Resources Inc. referred to in the Information Booklet;

- (n) The assets and properties of Barrick are free and clear of all mortgages, liens or other encumbrances whatsoever, except:
  - (i) as disclosed in the Audited Barrick Statements or the Unaudited Barrick Statements, and
  - (ii) for inchoate statutory liens and imperfections of title, easements and encumbrances which are not material in character, amount or extent and do not materially detract from the value or materially interfere with the use of the property subject thereto;
- (o) Barrick has delivered or made available to Camflo certain engineering reserve reports relating to Barrick or the Barrick Subsidiaries' producing oil and gas and gold properties (collectively, the "Barrick Reserve Reports"). To the best of Barrick's knowledge, the Barrick Reserve Reports have been prepared in accordance with generally accepted evaluation practices and fairly present the reserve calculations and, in the case of oil and gas properties, net cash flow forecasts relating to Barrick and the Barrick Subsidiaries as at the respective dates thereof;
- (p) Except as disclosed in the Information Booklet or otherwise to Camflo, Barrick is not a party to any written or oral:
  - (i) contract for the employment of any officer or individual employee, other than a contract for an indefinite hiring;
  - (ii) continuing contract for future purchases of material, supplies or equipment not in the ordinary course of business or not made at arm's length;
  - (iii) material contract not made in the ordinary course of business or not made at arm's length except as disclosed in the Information Booklet; or
  - (iv) consulting agreement not made in the ordinary course of business;
- (q) Barrick is a "reporting issuer" as defined in the Securities Act (Ontario) and is not in default of any filings required to be made pursuant thereto or the regulation made thereunder;
- (r) the shares of Barrick are listed and posted for trading on The Toronto Stock Exchange and The Montreal Exchange and Barrick is not in default of any filings required to be made with respect thereto; and
- (s) the information in the Information Booklet relating to Barrick and the Barrick Subsidiaries is true, correct and complete in all material respects and does not contain any untrue statement of any material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading in light of the circumstances in which they were made.

## ARTICLE TEN

### REPRESENTATIONS AND WARRANTIES OF CAMFLO

Section 10.01 *Representations and Warranties of Camflo*: Camflo hereby represents and warrants to Barrick as follows:

- (a) Camflo is a corporation duly incorporated, organized and validly existing under the Act and has the power and authority to own or lease all of its property and assets and to carry on its business as it is now being conducted and is duly licensed or qualified as a foreign corporation in each jurisdiction in which the character of any material property and assets now owned by it or the nature of the material business now conducted by it requires it to be licensed or qualified and has filed all returns required to be filed and paid all fees and taxes required to be paid by it to maintain each such licence or qualification;
- (b) Camflo has the corporate power and authority to enter into this Agreement and, subject to the adoption and approval of this Agreement by the holders of not less than two-thirds of its shares voting thereon, this Agreement, the execution thereof and the transactions contemplated hereunder have been duly authorized by all necessary corporate action on the part of Camflo, including approval by an independent committee of the board of directors of Camflo as contemplated in the Information Booklet;
- (c) the authorized capital of Camflo consists of 5,000,000 Camflo Common Shares without par value of which 4,091,357 are issued and outstanding as fully paid and non-assessable;



- (d) no person, firm or corporation has any agreement, warrant or option or any right capable of becoming an agreement, warrant or option, for the purchase of any unissued shares in the capital of Camflo except under the Camflo Loan Arrangements or as disclosed in the Information Booklet;
- (e) the consolidated financial statements of Camflo at and for the year ended December 31, 1983 (the "Audited Camflo Statements") and the unaudited financial statements of Camflo as at and for the three months ended March 31, 1984 (the "Unaudited Camflo Statements") together in each case with the notes thereto, present fairly the consolidated financial position of Camflo and the Camflo Related Companies and have been prepared in accordance with generally accepted accounting principles applied on a consistent basis. At December 31, 1983 Camflo had no material indebtedness or liability (absolute or contingent) which is not shown on or reflected in the Audited Camflo Statements, or the notes thereto, and which is required to be shown thereon or reflected therein in accordance with generally accepted accounting principles. Except as set forth in the Audited Camflo Statements and the notes thereto, on the date hereof Camflo does not have outstanding any material indebtedness or liabilities (absolute or contingent), other than those incurred since December 31, 1983 in the ordinary course of business, and nothing in the conduct of the business of Camflo has created a basis for any such material liability. Camflo is not in default in connection with any material indebtedness or liability or under any indenture, loan agreement or other instrument pursuant to which it has incurred any material indebtedness;
- (f) there have been no changes since March 31, 1984 in the condition, financial or otherwise, or in the results of operations of Camflo as shown on or reflected in the Unaudited Camflo Statements which have had or may reasonably be expected to have a materially adverse effect on the business, prospects, property, financial condition or results of operations of Camflo and the Camflo Related Companies taken as a whole other than as disclosed in the Information Booklet;
- (g) Camflo does not own any Barrick Common Shares, Barrick First Preferred Shares, Barrick Second Preferred Shares or Bob-Clare Common Shares;
- (h) there are no agreements, covenants, undertakings or other commitments of Camflo or any instruments binding upon it or any of its properties:
  - (i) which would preclude Camflo entering into this Agreement or completing the Amalgamation; or
  - (ii) under which the Amalgamation would have the effect of imposing restrictions or obligations on the Amalgamated Corporation greater than those currently imposed upon Camflo; or
  - (iii) which would give a third party, as a result of the Amalgamation, a right to terminate any material agreement to which Camflo or any of the Camflo Related Companies is a party or to purchase any of their assets;
- (i) there are no material actions, suits, proceedings or investigations, whether or not purportedly on behalf of Camflo, pending or to the knowledge of Camflo threatened against or affecting Camflo at law or in equity or before or by any governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or before any arbitrator of any kind which would involve the possibility of any judgment or liability not fully covered by insurance in excess of a reasonable deductible amount except as disclosed in the Information Booklet;
- (j) since December 31, 1983 Camflo has not declared or paid any dividends or made any distribution of its properties or assets to shareholders and Camflo has not disposed of or entered into any agreement to dispose of any of its assets or incurred any indebtedness except in the ordinary course of business or allowed any tax or other liability to be extended by waiver of any statute of limitations or otherwise;
- (k) the business of Camflo is not being conducted in violation of any law, ordinance or regulation of any governmental entity, except for violations which will not either singly or in the aggregate have a material adverse effect on the business, operations, properties, assets or condition, financial or otherwise, of Camflo taken as a whole and to the best of the knowledge of Camflo, no investigation or review by any governmental entity with respect to Camflo is pending or threatened, nor has any governmental entity indicated an intention to conduct the same, which can reasonably be expected to have a material adverse effect on the business, operations, properties, assets or condition, financial or otherwise, of Camflo taken as a whole;

- (l) the execution and delivery of this Agreement, the consummation of the Amalgamation and the fulfillment of and compliance with the terms and provisions hereof do not:
- (i) violate any provision of law of Canada or any province thereof or any administrative regulation of Canada or any province thereof or any judicial or administrative order, award, judgment or decree applicable to Camflo;
  - (ii) conflict with any terms, conditions or provisions of the articles or by-laws of Camflo; or
  - (iii) conflict with, result in a breach of, constitute a default under, or accelerate or permit the acceleration of the performance required by, any agreement or instrument to which Camflo is a party or by which it is bound or to which its property is subject or result in the cancellation, suspension or material alteration in the terms of any licence, permit or authority held by Camflo or in the creation of any lien, charge or encumbrance upon any of the assets of Camflo under any such agreement or instrument, or give to others any material interest or rights, including rights of purchase, termination, cancellation or acceleration, under any such agreement or instrument;
- (m) Camflo or a Camflo Related Company owns the percentages of shares of the Camflo Related Companies indicated to be owned by them in the Information Booklet with a good and marketable title thereto in each case free and clear of all mortgages, licences, charges, security interests, adverse claims, pledges, encumbrances and demands whatsoever except for encumbrances disclosed in the most recent audited financial statements of such companies;
- (n) the assets and properties of Camflo are free and clear of all mortgages, liens or other encumbrances whatsoever, except
- (i) as disclosed in the Audited Camflo Statements or the Unaudited Camflo Statements, and
  - (ii) for inchoate statutory liens and imperfections of title, easements and encumbrances which are not material in character, amount or extent and do not materially detract from the value or materially interfere with the use of the property subject thereto;
- (o) Camflo has delivered or made available to Barrick certain engineering reserve reports relating to Camflo and the Camflo Related Companies principal producing oil and gas and gold properties (collectively, the "Camflo Reserve Reports"). To the best of Camflo's knowledge, the Camflo Reserve Reports have been prepared in accordance with generally accepted evaluation practices and fairly present the reserve calculations and, in the case of oil and gas properties, net cash flow forecasts relating to Camflo and the Camflo Related Companies as at the date thereof;
- (p) except as disclosed in the Information Booklet or otherwise to Barrick, Camflo is not a party to any written or oral:
- (i) contract for the employment of any officer or individual employee, other than a contract for an indefinite hiring;
  - (ii) continuing contract for future purchases of material, supplies or equipment not in the ordinary course of business or not made at arm's length;
  - (iii) material contract not made in the ordinary course of business or not made at arm's length except as disclosed in the Information Booklet; or
  - (iv) consulting agreement not made in the ordinary course of business;
- (q) Camflo is a "reporting issuer" as defined in the Securities Act (Ontario) and is not in default of any filings required to be made pursuant thereto or the regulation made thereunder;
- (r) the shares of Camflo are listed and posted for trading on The Toronto Stock Exchange and The Montreal Exchange and Camflo is not in default of any filings required to be made with respect thereto; and
- (s) the information in the Information Booklet relating to Camflo and the Camflo Related Companies is true, correct and complete in all material respects and does not contain any untrue statement of any material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading in light of the circumstances in which they were made.

## ARTICLE ELEVEN

### REPRESENTATIONS AND WARRANTIES OF BOB-CLARE

Section 11.01 Bob-Clare hereby represents and warrants to Barrick and Camflo as follows:

- (a) Bob-Clare is a corporation duly incorporated, organized and validly existing under the Act and has the power and authority to own or lease all of its property and assets and to carry on its business as it is now being conducted and is duly licensed or qualified as a foreign corporation in each jurisdiction in which the character of any material property and assets now owned by it or the nature of the material business now conducted by it requires it to be licensed or qualified and has filed all returns required to be filed and paid all fees and taxes required to be paid by it to maintain each such licence or qualification;
- (b) Bob-Clare has the corporate power and authority to enter into this Agreement and this Agreement, the execution thereof and the transactions contemplated hereunder have been duly authorized by all necessary corporate action on the part of Bob-Clare;
- (c) the pro-forma financial statements of Bob-Clare as at December 31, 1983 (the "Bob-Clare Statements") together with the notes thereto, present fairly the financial position of Bob-Clare after giving effect to the transactions and assumptions described in the notes thereto and have been prepared in accordance with generally accepted accounting principles applied on a consistent basis. Immediately prior to the Amalgamation becoming effective, Bob-Clare will not have outstanding any indebtedness or liabilities (absolute or contingent), other than as reflected in the Information Booklet;
- (d) Bob-Clare does not own any Barrick Common Shares, Barrick First Preferred Shares or Barrick Second Preferred Shares;
- (e) there are no agreements, covenants, undertakings or other commitments of Bob-Clare or any instruments binding upon it or any of the Remaining Bob-Clare Assets:
  - (i) which would preclude Bob-Clare entering into this Agreement or completing the Amalgamation; or
  - (ii) under which the Amalgamation would have the effect of imposing restrictions or obligations on the Amalgamated Corporation greater than those currently imposed upon Bob-Clare; or
  - (iii) which would give a third party, as a result of the Amalgamation, a right to terminate any material agreement to which Bob-Clare is a party and which relates to the Remaining Bob-Clare Assets or to purchase any of the Remaining Bob-Clare Assets,other than security agreements in favour of Bob-Clare's lenders which will be discharged or terminated immediately prior to the Amalgamation becoming effective;
- (f) immediately prior to the Amalgamation becoming effective, there will be no material actions, suits, proceedings or investigations whether or not purportedly on behalf of Bob-Clare, pending or, to the knowledge of Bob-Clare, threatened against or affecting Bob-Clare at law or in equity or before or by any governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or before any arbitrator of any kind which would involve the possibility of any judgment or liability except as disclosed in the Information Booklet;
- (g) the business of Bob-Clare as it involves the Remaining Bob-Clare Assets is not being conducted in violation of any law, ordinance or regulation of any governmental entity, except for violations which will not either singly or in the aggregate have a material adverse effect on the business, operations, properties, assets or condition, financial or otherwise, of Bob-Clare as they involve the Remaining Bob-Clare Assets and to the best of the knowledge of Bob-Clare, no investigation or review by any governmental entity with respect to Bob-Clare is pending or threatened, nor has any governmental entity indicated an intention to conduct the same, which can reasonably be expected to have a material adverse effect on the business, operations, properties, assets or condition, financial or otherwise, of Bob-Clare as the same involve the Remaining Bob-Clare Assets;
- (h) the execution and delivery of this Agreement, the consummation of the Amalgamation and the fulfillment of and compliance with the terms and provisions hereof do not:
  - (i) violate any provision of law of Canada or any province thereof or any administrative regulation of Canada or any province thereof or any judicial or administrative order, award, judgment or decree applicable to Bob-Clare;

- (ii) conflict with any terms, conditions or provisions of the articles or by-laws of Bob-Clare; or
- (iii) conflict with, result in a breach of, constitute a default under, or accelerate or permit the acceleration of the performance required by, any agreement or instrument affecting the Remaining Bob-Clare Assets to which Bob-Clare is a party or by which it is bound or to which the Remaining Bob-Clare Assets are subject or result in the cancellation, suspension or material alteration in the terms of any licence, permit or authority held by Bob-Clare pertaining to the Remaining Bob-Clare Assets or in the creation of any lien, charge or encumbrance upon any of the Remaining Bob-Clare Assets under any such agreement or instrument, or give to others any material interest or rights, including rights of purchase, termination, cancellation or acceleration, under any such agreement or instrument;
- (i) Bob-Clare owns 873,170 Camflo Common Shares with a good and marketable title thereto except for the encumbrances referred to in paragraph 11.01(j) and a pledge in favour of the Trust all of which will be released immediately prior to the Amalgamation becoming effective;
- (j) the Remaining Bob-Clare Assets are free and clear of all mortgages, liens or other encumbrances whatsoever, except
  - (i) mortgages, liens or other encumbrances granted to the Royal Bank or the Canadian Imperial Bank of Commerce in connection with the indebtedness described in clause 8.01(e)(iii) hereof and disclosed in the Bob-Clare Statements, and
  - (ii) for inchoate statutory liens and imperfections of title, easements and encumbrances which are not material in character, amount or extent and do not materially detract from the value or materially interfere with the use of the property subject thereto,
 all of which will be released immediately prior to the Amalgamation;
- (k) Bob-Clare has delivered or made available to Barrick and Camflo certain engineering reserve reports relating to its oil and gas properties (collectively, the "Bob-Clare Reserve Reports"). To the best of Bob-Clare's knowledge, the Bob-Clare Reserve Reports have been prepared in accordance with generally accepted evaluation practices and fairly present the reserve calculations and net cash flow forecasts relating to Bob-Clare as at the date thereof;
- (l) immediately prior to the Amalgamation becoming effective, Bob-Clare will not be a party to any written or oral contract or agreement except:
  - (i) contracts relating to the Remaining Bob-Clare Assets made in the ordinary course of business; and
  - (ii) such contracts and agreements as are disclosed in the Information Booklet;
- (m) the information in the Information Booklet relating to Bob-Clare is true, correct and complete in all material respects and does not contain any untrue statement of any material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading in light of the circumstances in which they were made;
- (n) Bob-Clare has filed income tax returns reflecting deductions for income tax purposes as set out in the notes to the pro-forma balance sheet of Bob-Clare included in the Information Booklet and, to the best of Bob-Clare's knowledge, the income tax returns were prepared and filed, and the calculations of income, expenses and taxable income and all other calculations inherent in such returns were made, in all material respects in accordance with the provisions of the Income Tax Act (Canada) and the administrative policies relating thereto and Bob-Clare is not aware of any reassessments, except as disclosed to Camflo and Barrick; and
- (o) immediately prior to the Amalgamation becoming effective, there shall be no issued and outstanding shares in the capital of Bob-Clare other than the Bob-Clare Common Shares.

## ARTICLE TWELVE

### MUTUAL CONDITIONS PRECEDENT

Section 12.01 The respective obligations of the parties hereto to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment of the following conditions:

- (a) the Director appointed under the Act shall have issued the Certificate of Continuance to Barrick;

- (b) this Agreement shall have been adopted and approved by special resolutions passed at special meetings of the shareholders of Barrick and Camflo, both called and held in accordance with the provisions of applicable laws and in addition, in the case of Camflo, by a majority of the votes cast by shareholders who vote in respect of the special resolution relating to Camflo, other than Bob-Clare, Fasken and their respective associates;
- (c) there shall not be in force any order or decree of a court of competent jurisdiction restraining or enjoining the consummation of the Amalgamation and all regulatory rulings, orders or approvals required therefor shall have been obtained;
- (d) The Toronto Stock Exchange and The Montreal Exchange shall have approved the Amalgamation and the transactions contemplated hereby and the listing of the Common Shares conditional upon the issuance of the Certificate of Amalgamation; and
- (e) the following shall have been completed on or prior to the Effective Date:
  - (i) Barrick, Camflo, Bob-Clare, the Royal Bank and Davidson Partners Limited shall have entered into the Camflo Loan Arrangements on substantially the same terms as those described in the Information Booklet;
  - (ii) Barrick shall have completed the private placement of Barrick Common Shares substantially on the basis referred to under "Private Placement of Barrick Common Shares" in the Information Booklet; and
  - (iii) Bob-Clare shall have been reorganized such that its assets and liabilities, unclaimed tax deductions and tax losses and share capital are substantially as described in paragraph 8.01(e).

## ARTICLE THIRTEEN

### CONDITIONS TO OBLIGATIONS OF BARRICK

Section 13.01 The obligations of Barrick to consummate the transactions contemplated hereby are subject to the satisfaction, on or before the Effective Date, of the following conditions, any of which may be waived by Barrick:

- (a) each of the acts and undertakings of Camflo and Bob-Clare to be performed on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed by Camflo or Bob-Clare, as the case may be;
- (b) Barrick shall have received evidence satisfactory to its board of directors as to the valuation of the Remaining Bob-Clare Assets and as to compliance by Bob-Clare with paragraph 8.01(e) hereof;
- (c) Camflo or Bob-Clare, as the case may be, shall have furnished Barrick with:
  - (i) certified copies of resolutions duly passed by the boards of directors of Camflo and Bob-Clare approving this Agreement, the Amalgamation and the consummation of the transactions contemplated hereby;
  - (ii) certified copies of the resolutions duly passed at special meetings of the shareholders of Camflo and Bob-Clare adopting and approving this Agreement and the consummation of the transactions contemplated hereby;
  - (iii) a favorable opinion of Camflo's counsel, dated the day preceeding the Effective Date and addressed to Barrick and to Barrick's counsel, which opinion shall confirm the representations and warranties contained in paragraphs 10.01(a), (b) and (c) and shall address such other matters as may be requested by Barrick's counsel, acting reasonably; and
  - (iv) a favourable opinion of Bob-Clare's counsel, dated the day preceeding the Effective Date and addressed to Barrick and to Barrick's counsel, which opinion shall confirm the representations and warranties contained in paragraphs 11.01(a) and (b) hereof;
- (d) except as affected by transactions contemplated by this Agreement, the representations and warranties of Camflo and Bob-Clare contained in Article Ten and Article Eleven, respectively, shall be true in all material respects immediately prior to the Amalgamation becoming effective with the same effect as though such representations and warranties had been made at and as of such time, and Barrick shall have received certificates to that effect of the Chief Executive Officer and Chief Financial Officer of Camflo and of two officers of Bob-Clare satisfactory to Barrick, dated the day preceding the Effective Date;

- (e) Fasken, 377588, the Trust, Camflo and Barrick shall have entered into the representation and warranty agreement described under the heading "Arrangements with Bob-Clare Shareholders" in the Information Booklet; and
- (f) Fasken shall have entered into the agreement described in paragraph 7.01(m) hereof.

## **ARTICLE FOURTEEN**

### **CONDITIONS TO OBLIGATIONS OF CAMFLO**

Section 14.01 The obligations of Camflo to consummate the transactions contemplated hereby are subject to the satisfaction, on or before the Effective Date, of the following conditions, any of which may be waived by Camflo:

- (a) each of the acts and undertakings of Barrick and Bob-Clare to be performed on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed by Barrick or Bob-Clare, as the case may be;
- (b) Camflo shall have received evidence satisfactory to its board of directors as to the valuation of the Remaining Bob-Clare Assets and as to compliance by Bob-Clare with clause 8.01(e) hereof;
- (c) Barrick or Bob-Clare, as the case may be, shall have furnished Camflo with:
  - (i) certified copies of resolutions duly passed by the board of directors of Barrick and Bob-Clare adopting and approving this Agreement and the consummation of the transactions contemplated hereby;
  - (ii) certified copies of the resolutions duly passed at special meetings of the shareholders of Barrick and Bob-Clare adopting and approving this Agreement and the consummation of the transactions contemplated hereby;
  - (iii) a favourable opinion of Barrick's counsel, dated the day preceeding the Effective Date and addressed to Camflo and to Camflo's counsel, which opinion shall confirm the representations and warranties contained in paragraphs 9.01 (a), (b) and (c) hereof and shall address such other matters as may be requested by Camflo's counsel, acting reasonably; and
  - (iv) a favourable opinion of Bob-Clare's counsel, dated the day preceeding the Effective Date and addressed to Camflo and to Camflo's counsel, which opinion shall confirm the representations and warranties contained in paragraphs 11.01(a) and (b) hereof and shall address such other matters as may be requested by Camflo's counsel, acting reasonably;
- (d) except as affected by transactions contemplated by this Agreement, the representations and warranties of Barrick and Bob-Clare contained in Article Nine and Article Eleven, respectively, shall be true in all material respects immediately prior to the Amalgamation becoming effective with the same effect as though such representations and warranties had been made at and as of such time, and Camflo shall have received certificates to that effect of the Chief Executive Officer and Chief Financial Officer of Barrick and of two officers of Bob-Clare satisfactory to Camflo, dated the day preceding the Effective Date; and
- (e) Fasken, 377588, the Trust, Camflo and Barrick shall have entered into the representation and warranty agreement described under the heading "Arrangements with Bob-Clare Shareholders" in the Information Booklet.

## ARTICLE FIFTEEN

### CONDITIONS TO OBLIGATIONS OF BOB-CLARE

Section 15.01 The obligations of Bob-Clare to consummate the transactions contemplated hereby are subject to the satisfaction, on or before the Effective Date, of the following conditions, any of which may be waived by Bob-Clare:

- (a) Barrick or Camflo, as the case may be, shall have furnished Bob-Clare with:
  - (i) certified copies of resolutions duly passed by the board of directors of Barrick and Camflo adopting and approving this Agreement and the consummation of the transactions contemplated hereby; and
  - (ii) certified copies of the resolutions duly passed at special meetings of the shareholders of Barrick and Camflo adopting and approving this Agreement and the consummation of the transactions contemplated hereby; and
- (b) Davidson Partners Limited ("Davidson") or another party acceptable to Bob-Clare shall have entered into an agreement with the shareholders of Bob-Clare whereby Davidson or such other party shall agree to purchase all of the 952,381 First Preferred Shares, Series B of the Amalgamated Corporation to be issued in accordance with paragraph 4.01(e) hereof for a total purchase price of \$2,250,000 if called upon to do so at any time during the thirty day period commencing one year after the Effective Date and providing that no brokerage fees or similar charges will be payable by the vendors upon such purchase.

## ARTICLE SIXTEEN

### GENERAL

Section 16.01 *Auditors:* The auditors of the Amalgamated Corporation shall be Coopers & Lybrand, Chartered Accountants and their remuneration may be fixed from time to time by the directors of the Amalgamated Corporation.

Section 16.02 *Registrar and Transfer Agent* The Registrar and Transfer Agent for the shares of the Amalgamated Corporation shall be National Trust Company, Limited at its principal office in the City of Toronto.

Section 16.03 *Notices:* All notices which may or are required to be given pursuant to any provision of this Agreement shall be given or made in writing and shall be served personally on a senior officer of the Amalgamating Corporation in question, and in the case of:

- (a) Barrick, addressed to:  
24 Hazelton Avenue, Toronto, Ontario M5R 2E2  
Attention: President
- (b) Camflo, addressed to:  
Suite 3001, South Tower, Royal Bank Plaza, Toronto, Ontario M5J 2J1  
Attention: President
- (c) Bob-Clare, addressed to:  
Suite 3001, South Tower, Royal Bank Plaza, Toronto, Ontario M5J 2J1  
Attention: President

or such other address as the parties may, from time to time, advise the other parties by notice in writing in accordance with the foregoing. The date of receipt of any such notice shall be deemed to be the date of delivery thereof.

Section 16.04 *Currency:* Unless otherwise expressly indicated, all dollar amounts referred to herein shall be in lawful money of Canada.

Section 16.05 *Modifications*: Each of the Amalgamating Corporations may, by special resolution (as defined in the Act), assent to any alteration or modification of this Agreement.

Section 16.06 *Governing Law*: This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.

Section 16.07 *Execution in Counterparts*: This Agreement may be executed in counterparts all of which taken together shall constitute this Agreement.

Section 16.08 *Entire Agreement*: This Agreement constitutes the entire agreement among the parties relating to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, among the parties thereto with respect to the subject matter hereof.

Section 16.09 *Binds Successors*: This Agreement shall be binding upon and shall enure to the benefit to the parties hereto and their respective successors. No party may assign its rights or obligations under this Agreement.

Section 16.10 *Language*: The parties hereto have declared that they have required that these presents and all other documents related hereto be in the English language.

Les parties aux presentes ont déclaré qu'elles ont exigé que les presents et tous autres documents afférents, soient rédigés en anglais.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

BARRICK RESOURCES CORPORATION

by: (Signed) GARY J. LAST  
President

(Signed) JEREMY GARBUTT  
Vice-President, Finance

C.S.

CAMFLO MINES LIMITED

by: (Signed) ROBERT M. SMITH  
President

(Signed) WILLIAM R. ROBERTSON  
Vice-President and Secretary

C.S.

BOB-CLARE INVESTMENTS LIMITED

by: (Signed) ROBERT H. FASKEN  
President

(Signed) D. MITCHELL FASKEN  
Vice-President

C.S.



## **SCHEDULE I**

### **First Preferred Shares**

The shares without nominal or par value designated, as a class, First Preferred Shares shall have attached thereto, as a class, the following rights, privileges, restrictions and conditions:

1. The First Preferred Shares may at any time and from time to time be issued in one (1) or more series, each series to consist of such number of shares as may, before the issue thereof, be fixed by resolution of the board of directors of the Amalgamated Corporation.
2. The board of directors of the Amalgamated Corporation shall, by resolution duly passed before the issue of any First Preferred Shares of any series, determine the designation, rights, privileges, restrictions and conditions to be attached to the First Preferred Shares of such series, including, but without in any way limiting or restricting the generality of the foregoing, the rate or amount of preferential dividends, the date or dates and place or places of payment thereof, the consideration and the terms and conditions of any purchase for cancellation or redemption thereof, conversion or exchange rights (if any), the terms and conditions of any share purchase plan or sinking fund and the restrictions (if any) respecting payment of dividends on any shares ranking junior to the First Preferred Shares, the whole subject to the limitations set out in the articles and the issue by the Director under the Act of a certificate of amendment designating such series of shares.
3. The First Preferred Shares of each series shall, with respect to priority in payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Amalgamated Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Amalgamated Corporation among its shareholders for the purpose of winding up its affairs, be entitled to a preference over the common shares of the Amalgamated Corporation and over any other shares ranking junior to the First Preferred Shares and the First Preferred Shares of each series may also be given such other preferences over the common shares and any other shares ranking junior to the First Preferred Shares as may be determined as to the respective series authorized to be issued.
4. The First Preferred Shares of each series shall rank on a parity with the First Preferred Shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Amalgamated Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Amalgamated Corporation among its shareholders for the purpose of winding-up its affairs.
5. The holders of the First Preferred Shares of each series shall be entitled to receive and the Amalgamated Corporation shall pay thereon as and when declared by the board of directors out of the moneys of the Amalgamated Corporation properly applicable to the payment of dividends fixed non-cumulative preferential quarterly cash dividends at such rate and on such date or dates as the directors may determine or may have determined by the resolution provided for in clause 2 determining the rights, privileges, restrictions and conditions attaching to the First Preferred Shares of such series and as may be the subject matter of a certificate as referred to in the said clause 2. Such dividends shall accrue from such date or dates not later than six (6) months after the respective dates of issue as may in the case of each issue be determined by the board of directors of the Amalgamated Corporation or in case no date be so determined then from the date of allotment. Cheques of the Amalgamated Corporation payable at par at any branch of the Amalgamated Corporation's bankers for the time being in Canada shall be issued in respect of such dividends.
6. In the event of the liquidation, dissolution or winding-up of the Amalgamated Corporation or any other distribution of assets of the Amalgamated Corporation among its shareholders for the purpose of winding up its affairs, the holders of the First Preferred Shares of each series shall be entitled to receive for each First Preferred Share held by them, respectively, a sum equivalent to the result obtained when the stated capital account for the First Preferred Shares of such series is divided by the number of issued and outstanding First Preferred Shares of such series together with all dividends (if any) declared and unpaid thereon up to the date of distribution and, if such liquidation, dissolution, winding-up or other distribution is voluntary, an additional amount equal to the premium (if any) which would be payable upon the First Preferred Shares of such series as part of the redemption price of such shares if such shares were redeemed under the provisions of clause 9 and not pursuant to any compulsory purchase or retirement obligation imposed upon the Amalgamated Corporation, the whole before any amount shall be paid or any property or assets of the Amalgamated Corporation distributed to the holders of any

common shares or shares of any other class ranking junior to the First Preferred Shares. After payment to holders of the First Preferred Shares of each series of the amount so payable to them they shall not be entitled to share in any further distribution of the property or assets of the Amalgamated Corporation.

7. Subject to the provisions of clause 6 and subject to the rights, privileges, restrictions and conditions attaching to the First Preferred Shares of any series, the Amalgamated Corporation may at any time or times purchase (if obtainable) for cancellation all or any part of the First Preferred Shares of any series outstanding from time to time in the market (including purchase through or from an investment dealer or firm holding membership on a recognized stock exchange) or by invitation for tenders addressed to all the holders of record of the First Preferred Shares of such series outstanding at the lowest price or prices at which, in the opinion of the directors, such shares are obtainable but not exceeding the price at which, at the date of purchase, such shares are redeemable as provided in clause 8 without reference to the price payable by the Amalgamated Corporation pursuant to any compulsory purchase or retirement obligation imposed upon the Amalgamated Corporation (including accrued and unpaid preferential dividends as provided in the said clause 8) and costs of purchase. If upon any invitation for tenders under the provisions of this clause the Amalgamated Corporation shall receive tenders of First Preferred Shares of such series at the same lowest price which the Amalgamated Corporation is willing to pay in an aggregate number greater than the number for which the Amalgamated Corporation is prepared to accept tenders, the First Preferred Shares of such series so tendered which the Amalgamated Corporation determines to purchase at such price shall be purchased as nearly as may be pro rata (disregarding fractions) in proportion to the number of First Preferred Shares of such series so tendered by each of the holders of First Preferred Shares of such series who submitted tenders at the said same lowest price.

8. Subject to the rights, privileges, restrictions and conditions attaching to the First Preferred Shares of any series, the Amalgamated Corporation may upon giving notice as hereinafter provided redeem at any time the whole or from time to time any part of the then outstanding First Preferred Shares of any series on payment for each share to be redeemed of a sum equivalent to the result obtained when the stated capital account for the First Preferred Shares of such series is divided by the number of issued and outstanding First Preferred Shares of such series together with such premium (if any) as the directors may determine or may have determined by the resolution provided for in clause 2 determining the rights, privileges, restrictions and conditions attaching to the First Preferred Shares of such series and as may be the subject matter of a certificate as referred to in the said clause 2 and together with all declared and unpaid dividends (if any) thereon up to the date fixed for redemption.

9. In any case of redemption of First Preferred Shares of any series under the provisions of clause 8 the Amalgamated Corporation shall at least ten (10) days before the date specified for redemption mail to each person who at the date of mailing is a registered holder of First Preferred Shares of such series to be redeemed a notice in writing of the intention of the Amalgamated Corporation to redeem such last-mentioned shares. Such notice shall be mailed in an envelope, postage prepaid, addressed to each such shareholder at his address as it appears on the books of the Amalgamated Corporation or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder; provided, however, the accidental failure or omission to give any such notice to one (1) or more of such shareholders shall not affect the validity of such redemption. Such notice shall set out the redemption price and the date on which redemption is to take place and if part only of the First Preferred Shares of such series held by the person to whom it is addressed is to be redeemed the number thereof so to be redeemed. On or after the date so specified for redemption the Amalgamated Corporation shall pay or cause to be paid to or to the order of the registered holders of the First Preferred Shares of such series to be redeemed the redemption price thereof on presentation and surrender, at the registered office of the Amalgamated Corporation or any other place within Canada designated in such notice, of the certificates representing the First Preferred Shares of such series so called for redemption. Such payment shall be made by cheques payable at par at any branch of the Amalgamated Corporation's bankers for the time being in Canada. If a part only of the First Preferred Shares of such series represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the expense of the Amalgamated Corporation. On the date fixed for redemption, the First Preferred Shares of such series to be redeemed are thereupon redeemed and cancelled as of the date so fixed for redemption and the holders thereof thereafter have no rights whatsoever against the Amalgamated Corporation in respect of the First Preferred Shares in question except to receive, upon presentation of certificates representing the First Preferred Shares of such series to be redeemed, payment of the redemption price therefor without interest.

10. The holders of First Preferred Shares shall be entitled to receive copies of the annual financial statements of the Amalgamated Corporation and the auditors' report thereon to be submitted to the shareholders of the

Amalgamated Corporation at annual meetings but the holders of First Preferred Shares shall not be entitled as such (except as hereinafter and in the Act specifically provided) to receive notice of or to attend any meeting of the shareholders of the Amalgamated Corporation or to vote at any such meeting (but shall be entitled to receive notice of meetings of shareholders of the Amalgamated Corporation called for the purpose of authorizing the dissolution of the Amalgamated Corporation or the sale of its undertaking or a substantial part thereof).

11. The approval of the holders of the First Preferred Shares to delete or vary any right, privilege, restriction or condition attaching to the First Preferred Shares as a class or any other matter requiring the approval or consent of the holders of First Preferred Shares, as a class, may be given by at least two-thirds (2/3) of the votes cast at a meeting of the holders of the First Preferred Shares duly called for that purpose and held upon at least twenty-one (21) days' notice at which the holders of a majority of the outstanding First Preferred Shares are present or represented by proxy. If at any such meeting the holders of a majority of the outstanding First Preferred Shares are not present or represented by proxy within one-half (1/2) hour after the time appointed for such meeting, then the meeting shall be adjourned to such date being not less than thirty (30) days later and to such time and place as may be appointed by the chairman and not less than twenty-one (21) days' notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called. At such adjourned meeting the holders of First Preferred Shares present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by not less than two-thirds (2/3) of the votes cast at such adjourned meeting shall constitute the authorization of the holders of the First Preferred Shares referred to above. The formalities to be observed in respect of the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed by the by-laws of the Amalgamated Corporation with respect to meetings of shareholders. On every poll taken at every such meeting or adjourned meeting, every holder of First Preferred Shares shall be entitled to one (1) vote in respect of each \$1.00 of the issue price of each First Preferred Share held.

#### **First Preferred Shares, Series A**

The first series of First Preferred Shares are designated as \$0.114 Non-cumulative Redeemable Convertible First Preferred Shares, Series A (the "First Preferred Shares, Series A"), shall consist of 10,000,000 First Preferred Shares and, in addition to the rights, privileges, restrictions and conditions attached to the First Preferred Shares as a class, shall have attached thereto rights, privileges, restrictions and conditions substantially as hereinafter set forth, that is to say:

1. The rate of the fixed non-cumulative preferential cash dividends on the First Preferred Shares, Series A shall be \$0.114 per annum. Such dividends shall be payable in quarterly instalments on the first (1st) days of January, April, July and October in each year.

2. No class of shares may be created or issued ranking as to capital or dividends prior to or on a parity with the First Preferred Shares without the prior approval of the Series A First Preferred Shareholders given as hereinafter specified nor shall the authorized amount of First Preferred Shares be increased without such approval; provided that nothing in this clause shall prevent the Amalgamated Corporation from issuing additional series of presently authorized First Preferred Shares without such approval.

3.(a) For the purpose of this clause 3:

"Common Shares" shall mean common shares without par value of the Amalgamated Corporation as such shares were constituted on the effective date of the Amalgamation; and

"Conversion Basis" at any time shall mean the number of common shares into which at such time one (1) First Preferred Share, Series A shall be convertible in accordance with the provisions of this clause 3.

(b) Series A First Preferred Shareholders shall have the right at any time up to the close of business on the last business day prior to the date fixed for redemption (if any) (the "Time of Expiry") (subject as hereinafter provided) to convert First Preferred Shares, Series A into Common Shares on the following original Conversion Basis: one (1) Common Share for each First Preferred Share, Series A until such time as the original Conversion Basis shall be adjusted as hereinafter provided and thereafter on the adjusted Conversion Basis.

(c) The conversion privilege herein provided for may be exercised by notice in writing given to the transfer agent for the First Preferred Shares, Series A at its principal office in the City of Toronto, or to such other transfer

agent at such other city or cities as the Amalgamated Corporation may from time to time appoint, accompanied by a certificate or certificates representing the First Preferred Shares, Series A of the Amalgamated Corporation, in respect of which the holder thereof desires to exercise such right of conversion. Such notice shall be signed by such holder or his duly authorized attorney and shall specify the number of First Preferred Shares, Series A which the holder desires to have converted and the number to be purchased. The transfer form in the certificate or certificates in question need not be endorsed, except in the circumstances contemplated by subclause (e). If less than all the First Preferred Shares, Series A represented by a certificate or certificates accompanying the notice are to be converted, the holder shall be entitled to receive, at the expense of the Amalgamated Corporation, a new certificate representing the First Preferred Shares, Series A which are not to be converted.

- (d) In the case of any First Preferred Shares, Series A which may be called for redemption, the right of conversion thereof shall, notwithstanding anything herein contained, cease and terminate at the close of business on the last business day next preceding the date fixed for redemption, provided, however, that if the Amalgamated Corporation shall fail to redeem such First Preferred Shares, Series A in accordance with the notice of redemption the right of conversion shall thereupon be restored.
- (e) On any conversion of First Preferred Shares, Series A the share certificates for Common Shares of the Amalgamated Corporation resulting therefrom shall be issued in the name of the registered holder of the First Preferred Shares, Series A converted or in such name or names as such registered holder may direct in writing (either in the notice referred to in subclause (c) or otherwise), provided that such registered holder shall pay any applicable security transfer taxes; in any such case the transfer form on the back of the certificates in question shall be endorsed by the registered holder of First Preferred Shares, Series A or his duly authorized attorney, with signature guaranteed in a manner satisfactory to the transfer agent.
- (f) Subject as hereinafter provided by this subclause (f), the right of a Series A First Preferred Shareholder to convert the same into Common Shares shall be deemed to have been exercised, and the registered holders of First Preferred Shares, Series A to be converted (or any person or persons in whose name or names any such registered holder of First Preferred Shares, Series A shall have directed certificates representing Common Shares be issued as provided in subclause (e)) shall be deemed to have become holders of Common Shares of record of the Amalgamated Corporation for all purposes on the respective dates of surrender of certificates representing the First Preferred Shares, Series A to be converted accompanied by notice in writing as provided in subclause (c) hereof notwithstanding any delay in the delivery of certificates representing the Common Shares into which such First Preferred Shares Series A have been converted.
- (g) A Series A First Preferred Shareholder on the record date for any dividend declared payable on such share will be entitled to such dividend notwithstanding that such share is converted after such record date and before the payment date of such dividend, and the registered holder of any Common Share resulting from any conversion shall be entitled to rank equally with the registered holders of all other Common Shares in respect of all dividends declared payable to holders of Common Shares of record on any date after the date of conversion. Subject as aforesaid, no payment or adjustment will be made on account of any dividend, accrued or otherwise, on the First Preferred Shares, Series A converted or the Common Shares resulting from any conversion.
- (h) If and whenever at any time prior to the Time of Expiry the outstanding Common Shares shall be subdivided, redivided or changed into a greater or consolidated into a lesser number of shares or reclassified into different shares, the Conversion Basis then in effect shall be appropriately adjusted and any Series A First Preferred Shareholder who has not exercised his right of conversion prior to the effective date of such subdivision, redivision, change, consolidation or reclassification shall be entitled to receive and shall accept, upon the exercise of such right at any time on the effective date or thereafter, in lieu of the number of Common Shares to which he was theretofore entitled upon exercise of the conversion privilege, the aggregate number of Common Shares that such Series A First Preferred Shareholder would have been entitled to receive as a result of such subdivision, redivision, change, consolidation or reclassification if, on the effective date thereof, he had been the registered holder of the number of Common Shares to which he was theretofore entitled upon exercise of the conversion privilege.

- (i) If and whenever at any time prior to the Time of Expiry there is a capital reorganization of the Amalgamated Corporation not covered by subclause (h) of this clause 3, or a consolidation or merger or amalgamation of the Amalgamated Corporation with or into any other company, including by way of a sale whereby all or substantially all of the undertaking and assets of the Amalgamated Corporation become the property of any other company, any Series A First Preferred Shareholder who has not exercised his right of conversion prior to the effective date of such reorganization, consolidation, merger, amalgamation or sale, shall be entitled to receive and shall accept, upon the exercise of such right of conversion at any time on the effective date or thereafter in lieu of the number of Common Shares to which he was theretofore entitled upon exercise of such right of conversion, the aggregate number of shares or other securities or property of the Amalgamated Corporation or of the company resulting from the consolidation, merger or amalgamation or to which such sale may be made, as the case may be, that such holder would have been entitled to receive as a result of such capital reorganization, consolidation, merger, amalgamation or sale if, on the effective date thereof, he had been the registered holder of the number of Common Shares to which he was entitled theretofore upon exercise of the conversion right; provided always that the Series A First Preferred Shareholder in question shall never be entitled to receive any securities or interest in any assets whatsoever except to the extent that the same have in fact been made available to the transfer agent and registrar of the Amalgamated Corporation as the registered holder of the Common Shares which form the basic subject matter of the right of conversion.
- (j) The Amalgamated Corporation shall not issue fractional shares upon any conversion of First Preferred Shares, Series A. If a fractional interest in a Common Share would, except for the provisions of this paragraph, be deliverable upon conversion of a First Preferred Share, Series A the Amalgamated Corporation shall issue a non-voting and non-dividend bearing bearer scrip certificate of the Amalgamated Corporation in respect of such fractional interest, which scrip certificate, when surrendered to the transfer agent for the Common Shares at any office for the transfer of Common Shares of the Amalgamated Corporation, together with similar scrip certificates representing in the aggregate the right to receive at least one whole Common Share, shall be exchangeable for a share certificate or certificates for the full number of Common Shares called for by all the scrip certificates so surrendered and a new scrip certificate in respect of any remaining fractional interest in a Common Share called for thereby. Such scrip certificate shall become void on such date, not less than six months after the date of issuance thereof, as shall be determined by the directors of the Amalgamated Corporation and stated in such scrip certificate and on such date each such scrip certificate which has become void and the fractional interest represented thereby shall be deemed to have been purchased by the Amalgamated Corporation. Such scrip certificate shall be in such form and contain such reasonable terms and provisions as the directors shall at any time or from time to time determine.
- 4.(a) The Amalgamated Corporation may, in the manner provided in clauses 8 and 9 of the provisions attaching to the First Preferred Shares as a class redeem at any time the whole or from time to time any part of the then outstanding First Preferred Shares, Series A, on payment for each share to be redeemed of the Redemption Price, as defined below, together with all declared and unpaid non-cumulative preferential dividends thereon.
- (b) Until the notice hereinafter referred to is given, the Redemption Price shall be \$1.90 per share. At any time the Amalgamated Corporation may give notice to all holders of all First Preferred Shares, Series A, stating that it has determined that the market price of common shares of the Amalgamated Corporation (based upon the weighted average price of such shares on The Toronto Stock Exchange over a period of twenty consecutive trading days ended not more than five days prior to the date of giving of such notice) is a stipulated price. In the event that such notice is given, then on the 30th day following the date of mailing of such notice, the Redemption Price shall be the lesser of \$1.90 per share and such stipulated market price per common share. Such 30th day is herein referred to as the "Fixed Price Date".
5. On the Fixed Price Date and at any time thereafter, any holder of First Preferred Shares, Series A may require the Amalgamated Corporation to redeem, at the Redemption Price then in effect, together with declared and unpaid dividends if any, all or any of his First Preferred Shares, Series A. Such right to require redemption may be exercised by notice in writing given to the transfer agent for the First Preferred Shares, Series A at its principal office in the City of Toronto, or to such other transfer agent at such other city or cities as the Amalgamated Corporation may from time to time appoint. Such notice shall be signed by the holder or his duly authorized attorney and shall specify the number of First Preferred Shares, Series A which the holder desires to have redeemed, and such notice shall be accompanied by a certificate or certificates representing the First Preferred Shares, Series A to be redeemed. If less than all the First Preferred Shares, Series A represented by a certificate or

certificates accompanying any such notice are to be redeemed, the holder shall be entitled to receive, at the expense of the Amalgamated Corporation, a new certificate representing the First Preferred Shares, Series A not to be redeemed. Upon the receipt of a notice and certificates as aforesaid, the Amalgamated Corporation shall proceed forthwith to redeem the First Preferred Shares, Series A in question by payment of the redemption price and declared and unpaid dividends, if any, to which the holder of the First Preferred Shares, Series A to be redeemed is entitled, all in the manner specified in the provisions attaching to the First Preferred Shares as a class, as nearly as may be, *mutatis mutandis*.

6. The provisions contained in clauses numbered 1 to 7 inclusive (including this clause) and clauses numbered 1 to 11 both inclusive of the provisions attaching to the First Preferred Shares as a class or any of them may be deleted, varied, modified, amended or amplified by articles of amendment but only with the prior approval of the Series A First Preferred Shareholders given as hereinafter specified, in addition to any vote or authorization required by the Act.

7. The approval of Series A First Preferred Share holders with respect to any and all matters referred to herein (in addition to and distinct from any vote or authorization required by the Act) may be given by resolution as provided, *mutatis mutandis*, in clause 11 of the provisions attaching to the First Preferred Shares as a class.

### **First Preferred Shares, Series B**

The first series of First Preferred Shares are designated as \$0.126 Non-cumulative Redeemable Convertible First Preferred Shares, Series B (the "First Preferred Shares, Series B"), shall consist of 10,000,000 First Preferred Shares and, in addition to the rights, privileges, restrictions and conditions attached to the First Preferred Shares as a class, shall have attached thereto rights, privileges, restrictions and conditions substantially as hereinafter set forth, that is to say:

1. The rate of the fixed non-cumulative preferential cash dividends on the First Preferred Shares, Series B shall be \$0.126 per annum. Such dividends shall be payable in quarterly instalments on the first (1st) days of January, April, July and October in each year.

2. No class of shares may be created or issued ranking as to capital or dividends prior to or on a parity with the First Preferred Shares without the prior approval of the Series B First Preferred Shareholders given as hereinafter specified nor shall the authorized amount of First Preferred Shares be increased without such approval; provided that nothing in this clause shall prevent the Amalgamated Corporation from issuing additional series of presently authorized First Preferred Shares without such approval.

3.(a) For the purpose of this clause 3:

"Common Shares" shall mean common shares without par value of the Amalgamated Corporation as such shares were constituted on the effective date of the Amalgamation; and

"Conversion Basis" at any time shall mean the number of common shares into which at such time one (1) First Preferred Share, Series B shall be convertible in accordance with the provisions of this clause 3.

(b) Series B First Preferred Shareholders shall have the right at any time up to the close of business on the last business day prior to the date fixed for redemption (if any) (the "Time of Expiry") (subject as hereinafter provided) to convert First Preferred Shares, Series B into Common Shares on the following original Conversion Basis: one (1) Common Share for each First Preferred Share, Series B until such time as the original Conversion Basis shall be adjusted as hereinafter provided and thereafter on the adjusted Conversion Basis.

(c) The conversion privilege herein provided for may be exercised by notice in writing given to the transfer agent for the First Preferred Shares, Series B at its principal office in the City of Toronto, or to such other transfer agent at such other city or cities as the Amalgamated Corporation may from time to time appoint, accompanied by a certificate or certificates representing the First Preferred Shares, Series B of the Amalgamated Corporation, in respect of which the holder thereof desires to exercise such right of conversion. Such notice shall be signed by such holder or his duly authorized attorney and shall specify the number of First Preferred Shares, Series B which the holder desires to have converted and the number to be purchased. The transfer form in the certificate or certificates in question need not be endorsed, except in the circumstances contemplated by subclause (e). If less than all the First Preferred Shares, Series B represented by a certificate

or certificates accompanying the notice are to be converted, the holder shall be entitled to receive, at the expense of the Amalgamated Corporation, a new certificate representing the First Preferred Shares, Series B which are not to be converted.

- (d) In the case of any First Preferred Shares, Series B which may be called for redemption, the right of conversion thereof shall, notwithstanding anything herein contained, cease and terminate at the close of business on the last business day next preceding the date fixed for redemption, provided, however, that if the Amalgamated Corporation shall fail to redeem such First Preferred Shares, Series B in accordance with the notice of redemption the right of conversion shall thereupon be restored.
- (e) On any conversion of First Preferred Shares, Series B the share certificates for Common Shares of the Amalgamated Corporation resulting therefrom shall be issued in the name of the registered holder of the First Preferred Shares, Series B converted or in such name or names as such registered holder may direct in writing (either in the notice referred to in subclause (c) or otherwise), provided that such registered holder shall pay any applicable security transfer taxes; in any such case the transfer form on the back of the certificates in question shall be endorsed by the registered holder of such First Preferred Shares, Series B or his duly authorized attorney, with signature guaranteed in a manner satisfactory to the transfer agent.
- (f) Subject as hereinafter provided by this subclause (f), the right of a Series B First Preferred Shareholder to convert the same into Common Shares shall be deemed to have been exercised, and the registered holders of First Preferred Shares, Series B to be converted (or any person or persons in whose name or names any such registered holder of First Preferred Shares, Series B shall have directed certificates representing Common Shares be issued as provided in subclause (e)) shall be deemed to have become holders of Common Shares of record of the Amalgamated Corporation for all purposes on the respective dates of surrender of certificates representing the First Preferred Shares, Series B to be converted accompanied by notice in writing as provided in subclause (c) hereof notwithstanding any delay in the delivery of certificates representing the Common Shares into which such First Preference Shares Series B have been converted.
- (g) A Series B First Preferred Shareholder on the record date for any dividend declared payable on such share will be entitled to such dividend notwithstanding that such share is converted after such record date and before the payment date of such dividend, and the registered holder of any Common Share resulting from any conversion shall be entitled to rank equally with the registered holders of all other Common Shares in respect of all dividends declared payable to holders of Common Shares of record on any date after the date of conversion. Subject as aforesaid, no payment or adjustment will be made on account of any dividend, accrued or otherwise, on the First Preferred Shares, Series B converted or the Common Shares resulting from any conversion.
- (h) If and whenever at any time prior to the Time of Expiry the outstanding Common Shares shall be subdivided, redivided or changed into a greater or consolidated into a lesser number of shares or reclassified into different shares, the Conversion Basis then in effect shall be appropriately adjusted and any Series B First Preferred Shareholder who has not exercised his right of conversion prior to the effective date of such subdivision, redivision, change, consolidation or reclassification shall be entitled to receive and shall accept, upon the exercise of such right at any time on the effective date or thereafter, in lieu of the number of Common Shares to which he was theretofore entitled upon exercise of the conversion privilege, the aggregate number of Common Shares that such Series B First Preferred Shareholder would have been entitled to receive as a result of such subdivision, redivision, change, consolidation or reclassification if, on the effective date thereof, he had been the registered holder of the number of Common Shares to which he was theretofore entitled upon exercise of the conversion privilege.
- (i) If and whenever at any time prior to the Time of Expiry there is a capital reorganization of the Amalgamated Corporation not covered by subclause (h) of this clause 3, or a consolidation or merger or amalgamation of the Amalgamated Corporation with or into any other company, including by way of a sale whereby all or substantially all of the undertaking and assets of the Amalgamated Corporation become the property of any other company, any Series B First Preferred Shareholder who has not exercised his right of conversion prior to the effective date of such reorganization, consolidation, merger, amalgamation or sale, shall be entitled to receive and shall accept, upon the exercise of such right of conversion at any time on the effective date or thereafter in lieu of the number of Common Shares to which he was theretofore entitled upon exercise of such

right of conversion, the aggregate number of shares or other securities or property of the Amalgamated Corporation or of the company resulting from the consolidation, merger or amalgamation or to which such sale may be made, as the case may be, that such holder would have been entitled to receive as a result of such capital reorganization, consolidation, merger, amalgamation or sale if, on the effective date thereof, he had been the registered holder of the number of Common Shares to which he was entitled theretofore upon exercise of the conversion right; provided always that the Series B First Preferred Shareholder in question shall never be entitled to receive any securities or interest in any assets whatsoever except to the extent that the same have in fact been made available to the transfer agent and registrar of the Amalgamated Corporation as the registered holder of the Common Shares which form the basic subject matter of the right of conversion.

- (j) The Amalgamated Corporation shall not issue fractional shares upon any conversion of First Preferred Shares, Series B. If a fractional interest in a Common Share would, except for the provisions of this paragraph, be deliverable upon conversion of a First Preferred Share, Series B the Amalgamated Corporation shall issue a non-voting and non-dividend bearing bearer scrip certificate of the Amalgamated Corporation in respect of such fractional interest, which scrip certificate, when surrendered to the transfer agent for the Common Shares at any office for the transfer of Common Shares of the Amalgamated Corporation, together with similar scrip certificates representing in the aggregate the right to receive at least one whole Common Share, shall be exchangeable for a share certificate or certificates for the full number of Common Shares called for by all the scrip certificates so surrendered and a new scrip certificate in respect of any remaining fractional interest in a Common Share called for thereby. Such scrip certificate shall become void on such date, not less than six months after the date of issuance thereof, as shall be determined by the directors of the Amalgamated Corporation and stated in such scrip certificate and on such date each such scrip certificate which has become void and the fractional interest represented thereby shall be deemed to have been purchased by the Amalgamated Corporation. Such scrip certificate shall be in such form and contain such reasonable terms and provisions as the directors shall at any time or from time to time determine.

4. The Amalgamated Corporation may, in the manner provided in clauses 8 and 9 of the provisions attaching to the First Preferred Shares as a class, but only on or after the date which is 20 days after the first anniversary of the effective date of the Amalgamation, redeem the whole or from time to time any part of the then outstanding First Preferred Shares, Series B, on payment for each share to be redeemed of a redemption price equal to the stated capital attributable thereto (being \$2.10 per share) plus a premium of \$0.2625 per share, together with all declared and unpaid non-cumulative preferential dividends thereon.

5. The provisions contained in clauses numbered 1 to 6 inclusive (including this clause) and clauses numbered 1 to 11 both inclusive of the provisions attaching to the First Preferred Shares as a class or any of them may be deleted, varied, modified, amended or amplified by articles of amendment but only with the prior approval of the Series B First Preferred Shareholders given as hereinafter specified, in addition to any vote or authorization required by the Act.

6. The approval of Series B First Preferred Share holders with respect to any and all matters referred to herein (in addition to and distinct from any vote or authorization required by the Act) may be given by resolution as provided, mutatis mutandis, in clause 11 of the provisions attaching to the First Preferred Shares as a class.



## **SCHEDULE II**

### **Second Preferred Shares**

The shares without nominal or par value designated, as a class, Second Preferred Shares shall have attached thereto, as a class, the following rights, privileges, restrictions and conditions:

1. The Second Preferred Shares may at any time and from time to time be issued in one (1) or more series, each series to consist of such number of shares as may, before the issue thereof, be fixed by resolution of the board of directors of the Amalgamated Corporation.
2. The board of directors of the Amalgamated Corporation shall, by resolution duly passed before the issue of any Second Preferred Shares of any series, determine the rights, privileges, restrictions and conditions to be attached to the Second Preferred Shares of such series, including, but without in any way limiting or restricting the generality of the foregoing, the rate or amount of preferential dividends, the date or dates and place or places of payment thereof, the consideration and the terms and conditions of any purchase for cancellation or redemption thereof, conversion or exchange rights (if any), the terms and conditions of any share purchase plan or sinking fund and the restrictions (if any) respecting payment of dividends on any shares ranking junior to the Second Preferred Shares, the whole subject to the limitations set out in the articles and the issue by the Director under the Act of a certificate of amendment designating such series of shares.
3. The Second Preferred Shares of each series shall, with respect to priority in payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Amalgamated Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Amalgamated Corporation among its shareholders for the purpose of winding up its affairs, be entitled to a preference over the common shares of the Amalgamated Corporation and over any other shares ranking junior to the Second Preferred Shares and the Second Preferred Shares of each series may also be given such other preferences over the common shares and any other shares ranking junior to the Second Preferred Shares as may be determined as to the respective series authorized to be issued.
4. The Second Preferred Shares of each series shall rank on a parity with the Second Preferred Shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Amalgamated Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Amalgamated Corporation among its shareholders for the purpose of winding-up its affairs.
5. The holders of the Second Preferred Shares of each series shall be entitled to receive and the Amalgamated Corporation shall pay thereon as and when declared by the board of directors out of the moneys of the Amalgamated Corporation properly applicable to the payment of dividends fixed non-cumulative preferential quarterly cash dividends at such rate and on such date or dates as the directors may determine or may have determined by the resolution provided for in clause 2 determining the rights, privileges, restrictions and conditions attaching to the Second Preferred Shares of such series and as may be the subject matter of a certificate as referred to in the said clause 2. Such dividends shall accrue from such date or dates not later than six (6) months after the respective dates of issue as may in the case of each issue be determined by the board of directors of the Amalgamated Corporation or in case no date be so determined then from the date of allotment. Cheques of the Amalgamated Corporation payable at par at any branch of the Amalgamated Corporation's bankers for the time being in Canada shall be issued in respect of such dividends.
6. In the event of the liquidation, dissolution or winding-up of the Amalgamated Corporation or any other distribution of assets of the Amalgamated Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Second Preferred Shares of each series shall be entitled to receive for each Second Preferred Share held by them, respectively, a sum equivalent to the result obtained when the stated capital account for the Second Preferred Shares of such series is divided by the number of issued and outstanding Second Preferred Shares of such series, together with all dividends (if any) declared and unpaid thereon up to the date of distribution and, if such liquidation, dissolution, winding-up or other distribution is voluntary, an additional amount equal to the premium (if any) which would be payable upon the Second Preferred Shares of such series as part of the redemption price of such shares if such shares were redeemed under the provisions of clause 9 and not pursuant to any compulsory purchase or retirement obligation imposed upon the Amalgamated Corporation, the whole before any amount shall be paid or any property or assets of the Amalgamated Corporation distributed to the holders of

any common shares or shares of any other class ranking junior to the Second Preferred Shares. After payment to holders of the Second Preferred Shares of each series of the amount so payable to them they shall not be entitled to share in any further distribution of the property or assets of the Amalgamated Corporation.

7. Subject to the provisions of clause 6 and subject to the rights, privileges, restrictions and conditions attaching to the Second Preferred Shares of any series, the Amalgamated Corporation may at any time or times purchase (if obtainable) for cancellation all or any part of the Second Preferred Shares of any series outstanding from time to time in the market (including purchase through or from an investment dealer or firm holding membership on a recognized stock exchange) or by invitation for tenders addressed to all the holders of record of the Second Preferred Shares of such series outstanding at the lowest price or prices at which, in the opinion of the directors, such shares are obtainable but not exceeding the price at which, at the date of purchase, such shares are redeemable as provided in clause 8 without reference to the price payable by the Amalgamated Corporation pursuant to any compulsory purchase or retirement obligation imposed upon the Amalgamated Corporation (including accrued and unpaid preferential dividends as provided in the said clause 8) and costs of purchase. If upon any invitation for tenders under the provisions of this clause the Amalgamated Corporation shall receive tenders of Second Preferred Shares of such series at the same lowest price which the Amalgamated Corporation is willing to pay in an aggregate number greater than the number for which the Amalgamated Corporation is prepared to accept tenders, the Second Preferred Shares of such series so tendered which the Amalgamated Corporation determines to purchase at such price shall be purchased as nearly as may be pro rata (disregarding fractions) in proportion to the number of Second Preferred Shares of such series so tendered by each of the holders of Second Preferred Shares of such series who submitted tenders at the said same lowest price.

8. Subject to the rights, privileges, restrictions and conditions attaching to the Second Preferred Shares of any series, the Amalgamated Corporation may upon giving notice as hereinafter provided redeem at any time the whole or from time to time any part of the then outstanding Second Preferred Shares of any series on payment for each share to be redeemed of a sum equivalent to the result obtained when the stated capital account for the Second Preferred Shares of such series is divided by the number of issued and outstanding Second Preferred Shares of such series together with such premium (if any) as the directors may determine or may have determined by the resolution provided for in clause 2 determining the rights, privileges, restrictions and conditions attaching to the Second Preferred Shares of such series and as may be the subject matter of a certificate as referred to in the said clause 2 and together with all declared and unpaid dividends (if any) thereon up to the date fixed for redemption.

9. In any case of redemption of Second Preferred Shares of any series under the provisions of clause 8 the Amalgamated Corporation shall at least thirty (30) days before the date specified for redemption mail to each person who at the date of mailing is a registered holder of Second Preferred Shares of such series to be redeemed a notice in writing of the intention of the Amalgamated Corporation to redeem such last-mentioned shares. Such notice shall be mailed in an envelope, postage prepaid, addressed to each such shareholder at his address as it appears on the books of the Amalgamated Corporation or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder; provided, however, the accidental failure or omission to give any such notice to one (1) or more of such shareholders shall not affect the validity of such redemption. Such notice shall set out the redemption price and the date on which redemption is to take place and if part only of the Second Preferred Shares of such series held by the person to whom it is addressed is to be redeemed the number thereof so to be redeemed. On or after the date so specified for redemption the Amalgamated Corporation shall pay or cause to be paid to or to the order of the registered holders of the Second Preferred Shares of such series to be redeemed the redemption price thereof on presentation and surrender, at the registered office of the Amalgamated Corporation or any other place within Canada designated in such notice, of the certificates representing the Second Preferred Shares of such series so called for redemption. Such payment shall be made by cheques payable at par at any branch of the Amalgamated Corporation's bankers for the time being in Canada. If a part only of the Second Preferred Shares of such series represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the expense of the Amalgamated Corporation. On the date fixed for redemption the Second Preferred Shares of such series to be redeemed are thereupon redeemed and cancelled as of the date so fixed for redemption and the holders thereof thereafter have no rights whatsoever against the Amalgamated Corporation in respect of the Second Preferred Shares in question except to receive, upon presentation of certificates representing the Second Preferred Shares of such series to be redeemed, payment of the redemption price therefor without interest.

10. The holders of Second Preferred Shares shall be entitled to receive copies of the annual financial statements of the Amalgamated Corporation and the auditors' report thereon to be submitted to the shareholders of the Amalgamated Corporation at annual meetings but the holders of Second Preferred Shares shall not be entitled as such (except as hereinafter and in the Act specifically provided) to receive notice of or to attend any meeting of the shareholders of the Amalgamated Corporation or to vote at any such meeting (but shall be entitled to receive notice of meetings of shareholders of the Amalgamated Corporation called for the purpose of authorizing the dissolution of the Amalgamated Corporation or the sale of its undertaking or a substantial part thereof).

11. The approval of the holders of the Second Preferred Shares to delete or vary any right, privilege, restriction or condition attaching to the Second Preferred Shares as a class or any other matter requiring the approval or consent of the holders of Second Preferred Shares as a class may be given by at least two-thirds ( $\frac{2}{3}$ ) of the votes cast at a meeting of the holders of the Second Preferred Shares duly called for that purpose and held upon at least twenty-one (21) days' notice at which the holders of a majority of the outstanding Second Preferred Shares are present or represented by proxy. If at any such meeting the holders of a majority of the outstanding Second Preferred Shares are not present or represented by proxy within one-half ( $\frac{1}{2}$ ) hour after the time appointed for such meeting, then the meeting shall be adjourned to such date being not less than thirty (30) days later and to such time and place as may be appointed by the chairman and not less than twenty-one (21) days' notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called. At such adjourned meeting the holders of Second Preferred Shares present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by not less than two-thirds ( $\frac{2}{3}$ ) of the votes cast at such adjourned meeting shall constitute the authorization of the holders of the Second Preferred Shares referred to above. The formalities to be observed in respect of the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed by the by-laws of the Amalgamated Corporation with respect to meetings of shareholders. On every poll taken at every such meeting or adjourned meeting, every holder of Second Preferred Shares shall be entitled to one (1) vote in respect of each \$1.00 of the issue price of each Second Preferred Share held.

#### **Second Preferred Shares, Series A**

The first series of Second Preferred Shares are designated as \$0.222 Non-cumulative Redeemable Convertible Exchangeable Second Preferred Shares, Series A (the "Second Preferred Shares, Series A"), shall consist of 15,000,000 Second Preferred Shares and, in addition to the rights, privileges, restrictions and conditions attached to the Second Preferred Shares as a class, shall have attached thereto rights, privileges, restrictions and conditions substantially as hereinafter set forth, that is to say:

1. The rate of the fixed non-cumulative preferential cash dividends on the Second Preferred Shares, Series A shall be \$0.222 per annum. Such dividends shall be payable in quarterly instalments on the first (1st) days of January, April, July and October in each year.
2. No class of shares may be created or issued ranking as to capital or dividends prior to or on a parity with the Second Preferred Shares, with the exception of First Preferred Shares, without the prior approval of the Series A Second Preferred Shareholders given as hereinafter specified nor shall the authorized amount of Second Preferred Shares be increased without such approval; provided that nothing in this clause shall prevent the Amalgamated Corporation from issuing additional series of presently authorized Second Preferred Shares without such approval.
- 3.(a) The Amalgamated Corporation may, in the manner provided in clauses 8 and 9 of the provisions attaching to the Second Preferred Shares as a class, redeem at any time the whole or from time to time any part of the then outstanding Second Preferred Shares, Series A, on payment for each share to be redeemed of the redemption price of \$2.43 per share, together with all declared and unpaid non-cumulative preferential dividends thereon.
- (b) Subject as hereinafter provided, any holder of Second Preferred Shares, Series A may, at any time, require the Amalgamated Corporation to redeem, at a redemption price of \$2.43 per share, together with declared and unpaid dividends if any, all or any of his Second Preferred Shares, Series A. Such right to require redemption may be exercised by notice in writing given to the transfer agent for the Second Preferred Shares, Series A at its principal office in the City of Toronto, or to such other transfer agent at such other city or cities as the Amalgamated Corporation may from time to time appoint. Such notice shall be signed by such registered holder or his duly authorized attorney and shall specify the number of Second Preferred Shares, Series A

which such holder desires to have redeemed, and such notice shall be accompanied by a certificate or certificates representing the Second Preferred Shares, Series A to be redeemed. If less than all the Second Preferred Shares, Series A represented by a certificate or certificates accompanying any such notice are to be redeemed, the holder shall be entitled to receive, at the expense of the Amalgamated Corporation, a new certificate representing the Second Preferred Shares, Series A not to be redeemed. Upon the receipt of a notice and certificates as aforesaid, the Amalgamated Corporation shall proceed forthwith to redeem the Second Preferred Shares, Series A in question by payment of the redemption price and all declared and unpaid dividends if any to which the holder of the Second Preferred Shares, Series A to be redeemed is entitled, all in the manner specified in the provisions attaching to the Second Preferred Shares as a class, as nearly as may be, mutatis mutandis.

4. The provisions contained in clauses numbered 1 to 4 inclusive (including this clause) and clauses numbered 1 to 11 both inclusive of the provisions attaching to the Second Preferred Shares as a class or any of them may be deleted, varied, modified, amended or amplified by articles of amendment but only with the prior approval of the Series A Second Preferred Shareholders given as hereinafter specified, in addition to any vote or authorization required by the Act.

5. The approval of Series A Second Preferred Shareholders with respect to any and all matters referred to herein (in addition to and distinct from any vote or authorization required by the Act) may be given by resolution as provided, mutatis mutandis, in clause 11 of the provisions attaching to the Second Preferred Shares as a class.

## **SCHEDULE III**

### **BY-LAW NO. 1**

A by-law relating generally to the conduct of the affairs of Barrick Resources Corporation.

BE IT ENACTED AND IT IS HEREBY ENACTED as a by-law of Barrick Resources Corporation (hereinafter called the "Corporation") as follows:

#### **DEFINITIONS**

1. In this by-law and all other by-laws of the Corporation, unless the context otherwise specifies or requires:
  - (a) "Act" means the Business Corporations Act, 1982, S.O.1982, c. 4, as from time to time amended, and every statute that may be substituted therefor and, in the case of such amendment or substitution, any reference in the by-laws of the Corporation shall be read as referring to the amended or substituted provisions therefor;
  - (b) "by-laws" means any by-law of the Corporation from time to time in force and effect;
  - (c) all terms contained in the by-laws which are defined in the Act shall have the meanings given to such terms in the Act;
  - (d) words importing the singular number only shall include the plural and vice-versa; words importing the masculine gender shall include the feminine and neuter genders; and
  - (e) the headings used in the by-laws are inserted for reference purposes only and are not to be considered or taken into account in construing the terms or provisions thereof or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions.

#### **REGISTERED OFFICE**

2. The Corporation may from time to time (i) by resolution of the directors change the address of the registered office of the Corporation within the municipality or geographic township within Ontario specified in its articles, and (ii) by an amendment to its articles, change the municipality or geographic township within Ontario in which its registered office is situated.

#### **SEAL**

3. The Corporation may, but need not, have a corporate seal. An instrument or agreement executed on behalf of the Corporation by a director, an officer or an agent of the Corporation is not invalid merely because the corporate seal, if any, is not affixed thereto.

#### **DIRECTORS**

4. *Number and powers.* The number of directors of the Corporation is set out in the articles of the Corporation. A majority of the directors shall be resident Canadians. Subject to any unanimous shareholder agreement, the directors shall manage or supervise the management of the business and affairs of the Corporation and may exercise all such powers and do all such acts and things as may be exercised or done by the Corporation and are not by the Act, the articles, the by-laws, any special resolution of the Corporation, a unanimous shareholder agreement or by statute expressly directed or required to be done in some other manner.

Notwithstanding any vacancy among the directors the remaining directors may exercise all the powers of the board so long as a quorum of the board remains in office.

Subject to subsections 124(1), (2), (4) and (5) of the Act and to the Corporation's articles, where there is a quorum of directors in office and a vacancy occurs, the directors remaining in office may appoint a qualified person to hold office for the unexpired term of his predecessor.

5. *Duties.* Every director and officer of the Corporation in exercising his powers and discharging his duties shall:
  - (a) act honestly and in good faith with a view to the best interests of the Corporation; and
  - (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Every director and officer of the Corporation shall comply with the Act, the regulations thereunder, the Corporation's articles and by-laws and any unanimous shareholder agreement.

6. *Qualification.* Every director shall be an individual eighteen (18) or more years of age and no one who is of unsound mind and has been so found by a court in Canada or elsewhere or who has the status of a bankrupt shall be a director.

7. *Term of office.* A director's term of office (subject to the provisions, if any, of the Corporation's articles, and subject to his election for an expressly stated term) shall be from the date of the meeting at which he is elected or appointed until the close of the annual meeting of shareholders next following his election or appointment or until his successor is elected or appointed.

8. *Vacation of office.* The office of a director shall be vacated if:

- (a) he dies or, subject to subsection 119(2) of the Act, sends to the Corporation a written resignation and such resignation, if not effective upon receipt by the Corporation, becomes effective in accordance with its terms;
- (b) he is removed from office;
- (c) he becomes bankrupt; or
- (d) he is found by a court in Canada or elsewhere to be of unsound mind.

9. *Election and removal.* Directors shall be elected by the shareholders by ordinary resolution on a show of hands unless a poll is demanded and if a poll is demanded such election shall be by ballot. Except for those directors elected for an expressly stated term, all the directors then in office shall cease to hold office at the close of the meeting of shareholders at which directors are to be elected but, if qualified, are eligible for re-election. Subject to subsection 122(2) of the Act, the shareholders of the Corporation may by ordinary resolution at an annual or special meeting remove any director before the expiration of his term of office and may, by a majority of the votes cast at the meeting, elect any person in his stead for the remainder of his term.

Whenever at any election of directors of the Corporation the number or the minimum number of directors required by the articles is not elected by reason of the disqualification, incapacity or the death of any candidates, the directors elected at that meeting may exercise all the powers of the directors if the number of directors so elected constitutes a quorum pending the holding of a meeting of shareholders in accordance with subsection 124(3) of the Act.

A retiring director shall cease to hold office at the close of the meeting at which his successor is elected unless such meeting was called for the purpose of removing him from office as a director in which case the director so removed shall vacate office forthwith upon the passing of the resolution for his removal.

10. *Validity of acts.* An act done by a director or by an officer is not invalid by reason only of any defect that is thereafter discovered in his appointment, election or qualification.

### MEETINGS OF DIRECTORS

11. *Place of meeting.* Meetings of directors and of any committee of directors may be held at any place within or outside Ontario and in any financial year a majority of the meetings of the board of directors need not be held at a place within Canada. A meeting of directors may be convened by the Chairman of the Board (if any), the President or any director at any time and the Secretary shall upon direction of any of the foregoing convene a meeting of directors. A quorum of the directors may, at any time, call a meeting of the directors for the transaction of any business the general nature of which is specified in the notice calling the meeting.

12. *Notice.* Notice of the time and place for the holding of any such meeting shall be sent to each director not less than 2 days (exclusive of the day on which the notice is sent but inclusive of the day for which notice is given) before the date of the meeting; provided that meetings of the directors or of any committee of directors may be held at any time without formal notice if all the directors are present (except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called) or if all the absent directors have waived notice.

Notice of the time and place for the holding of any meeting of directors or any committee of directors may be given by delivery, telegraph, cable, telex or other electronic means that produces a written copy.

For the first meeting of directors to be held following the election of directors at an annual or special meeting of the shareholders or for a meeting of directors at which a director is appointed to fill a vacancy in the board, no notice of such meeting need be given to the newly elected or appointed director or directors in order for the meeting to be duly constituted, provided a quorum of the directors is present.

13. *Waiver of notice.* Notice of any meeting of directors or of any committee of directors or any irregularity in any meeting or in the notice thereof may be waived in any manner by any director and such waiver may be validly given either before or after the meeting to which such waiver relates. Attendance of a director at a meeting of directors is a waiver of notice of the meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

14. *Telephone participation.* Where all the directors of the Corporation present at or participating in the meeting consent thereto (either before or after the meeting), a director may participate in a meeting of directors or of any committee of directors by means of such telephone, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and a director participating in a meeting by such means shall be deemed for the purposes of the Act to be present at that meeting. If the majority of the directors participating in the meeting are then in Canada, the meeting shall be deemed to be held in Canada.

15. *Adjournment.* Any meeting of directors or of any committee of directors may be adjourned from time to time by the chairman of the meeting, with the consent of the meeting, to a fixed time and place and no notice of the time and place for the holding of the adjourned meeting need be given to any director if the time and place of the adjourned meeting is announced at the original meeting. Any adjourned meeting shall be duly constituted if held in accordance with the terms of the adjournment and a quorum is present thereat. The directors who formed a quorum at the original meeting are not required to form the quorum at the adjourned meeting. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment.

16. *Quorum and voting.* A majority of the number of directors or minimum number of directors required by the articles shall constitute a quorum at a meeting of directors or any committee of directors for the transaction of business. Subject to subsection 124(1) and subsection 126(7) of the Act, no business shall be transacted by the directors except at a meeting of directors at which a quorum is present and at which a majority of the directors present are resident Canadians. Questions arising at any meeting of directors shall be decided by a majority of votes. In case of an equality of votes, the chairman of the meeting in addition to his original vote shall have a second or casting vote.

### COMMITTEES OF DIRECTORS

17. *General.* The directors may from time to time appoint from their number a committee of directors, a majority of whom shall be resident Canadians, and may delegate to such committee any of the powers of the directors, except that no such committee shall have the authority to:

- (a) submit to the shareholders any question or matter requiring the approval of the shareholders;
- (b) fill a vacancy among the directors or in the office of auditor or appoint or remove any of the chief executive officer, however designated, the chief financial officer, however designated, the chairman or the president of the Corporation;
- (c) subject to section 183 of the Act, issue securities except in the manner and on the terms authorized by the directors;
- (d) declare dividends;
- (e) purchase, redeem or otherwise acquire shares issued by the Corporation;
- (f) pay a commission referred to in section 37 of the Act;
- (g) approve a management information circular referred to in Part VIII of the Act;
- (h) approve a take-over bid circular, directors' circular, or issuer bid circular referred to in Part XIX of the Securities Act;

(i) approve any financial statements referred to in clause 153(1)(b) of the Act and Part XVII of the Securities Act; or

(j) adopt, amend or repeal by-laws.

18. *Audit Committee.* If the Corporation is an "offering corporation" as defined in paragraph 1(1)27 of the Act, the board of directors shall, and otherwise the directors may, elect annually from among their number an audit committee to be composed of not fewer than 3 directors, a majority of whom are not officers or employees of the Corporation or any of its affiliates to hold office until the next annual meeting of the shareholders.

Each member of the audit committee shall serve during the pleasure of the board of directors and, in any event, only so long as he shall be a director. The directors may fill vacancies in the audit committee by election from among their number.

The audit committee shall have power to fix its quorum at not less than a majority of its members and to determine its own rules of procedure subject to any regulations imposed by the board of directors from time to time and to the following paragraph.

The auditor of the Corporation is entitled to receive notice of every meeting of the audit committee and, at the expense of the Corporation, to attend and be heard thereat; and, if so requested by a member of the audit committee, shall attend every meeting of the committee held during the term of office of the auditor. The auditor of the Corporation or any member of the audit committee may call a meeting of the committee.

The audit committee shall review the financial statements of the Corporation and shall report thereon to the board of directors of the Corporation prior to approval thereof by the board of directors and shall have such other powers and duties as may from time to time by resolution be assigned to it by the board.

#### **REMUNERATION OF DIRECTORS, OFFICERS AND EMPLOYEES**

19. The remuneration to be paid to the directors of the Corporation shall be such as the directors shall from time to time by resolution determine and such remuneration shall be in addition to the salary paid to any officer or employee of the Corporation who is also a director. The directors may also by resolution award special remuneration to any director in undertaking any special services on the Corporation's behalf other than the normal work ordinarily required of a director of a corporation. The confirmation of any such resolution or resolutions by the shareholders shall not be required. The directors may fix the remuneration of the officers and employees of the Corporation. The directors, officers and employees shall also be entitled to be paid their travelling and other expenses properly incurred by them in connection with the affairs of the Corporation.

#### **SUBMISSION OF CONTRACTS OR TRANSACTIONS TO SHAREHOLDERS FOR APPROVAL**

20. The directors in their discretion may submit any contract, act or transaction for approval, ratification or confirmation at any meeting of the shareholders called for the purpose of considering the same and any contract, act or transaction that shall be approved, ratified or confirmed by resolution passed by a majority of the votes cast at any such meeting (unless any different or additional requirement is imposed by the Act or by the Corporation's articles or by-laws) shall be as valid and as binding upon the Corporation and upon all the shareholders as though it had been approved, ratified and/or confirmed by every shareholder of the Corporation.

#### **FOR THE PROTECTION OF DIRECTORS AND OFFICERS**

21. No director or officer for the time being of the Corporation shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee or for joining in any receipt or act for conformity or for any loss, damage or expense suffered or incurred by the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, firm or corporation including any person, firm or corporation with whom or which any moneys, securities or effects shall be lodged or deposited or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Corporation or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his respective office



of trust or in relation thereto, unless the same shall happen by or through his failure to exercise the powers and to discharge the duties of his office honestly and in good faith with a view to the best interests of the Corporation, and in connection therewith to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, provided that nothing herein contained shall relieve a director or officer from the duty to act in accordance with the Act or regulations made thereunder or relieve him from liability for a breach thereof. The directors for the time being of the Corporation shall not be under any duty or responsibility in respect of any contract, act or transaction whether or not made, done or entered into in the name or on behalf of the Corporation, except such as shall have been submitted to and authorized or approved by the board of directors. If any director or officer of the Corporation shall be employed by or shall perform services for the Corporation otherwise than as a director or officer or shall be a member of a firm or a shareholder, director or officer of a body corporate which is employed by or performs services for the Corporation, the fact of his being a shareholder, director or officer of the Corporation shall not disentitle such director or officer or such firm or body corporate, as the case may be, from receiving proper remuneration for such services.

### INDEMNITIES TO DIRECTORS AND OTHERS

22. Subject to subsections 136(2) and (3) of the Act, the Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of such corporation or body corporate, if

- (a) he acted honestly and in good faith with a view to the best interests of the Corporation; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful.

The Corporation is hereby authorized to execute agreements evidencing its indemnity in favour of the foregoing persons to the full extent permitted by law.

### OFFICERS

23. *Appointment of officers.* The directors shall annually or as often as may be required appoint a President and a Secretary and if deemed advisable may annually or as often as may be required appoint a Chairman of the Board, one or more Vice-Presidents, a Treasurer and one or more Assistant Secretaries and/or one or more Assistant Treasurers. None of such officers, except the Chairman of the Board, need be a director of the Corporation. Any director may be appointed to any office of the Corporation. Two or more of such offices may be held by the same person. In case and whenever the same person holds the offices of Secretary and Treasurer he may but need not be known as the Secretary-Treasurer. The directors may from time to time appoint such other officers, employees and agents as they shall deem necessary who shall have such authority and shall perform such functions and duties as may from time to time be prescribed by resolution of the directors.

24. *Removal of officers, etc.* All officers, employees and agents, in the absence of agreement to the contrary, shall be subject to removal by resolution of the directors at any time, with or without cause.

25. *Duties of officers may be delegated.* In case of the absence or inability or refusal to act of any officer of the Corporation or for any other reason that the directors may deem sufficient, the directors may delegate all or any of the powers of such officer to any other officer or to any director for the time being.

26. *Chairman of the Board.* The Chairman of the Board (if any), shall when present preside at all meetings of the directors, any committee of the directors and shareholders, shall sign such documents as may require his signature in accordance with the by-laws of the Corporation and shall have such other powers and shall perform such other duties as may from time to time be assigned to him by resolution of the directors or as are incident to his office.



27. *President.* The President shall be the chief executive officer of the Corporation and shall exercise general supervision over the business and affairs of the Corporation. In the absence of the Chairman of the Board (if any), and if the President is also a director of the Corporation, the President shall, when present, preside at all meetings of the directors, any committee of the directors and shareholders; he shall sign such contracts, documents or instruments in writing as require his signature and shall have such other powers and shall perform such other duties as may from time to time be assigned to him by resolution of the directors or as are incident to his office.

28. *Executive Vice-President.* The Executive Vice-President or, if more than one, the Executive Vice-Presidents in order of seniority, shall be vested with all the powers and shall perform all the duties of the President in the absence or inability or refusal to act of the President, provided, however, that an Executive Vice-President who is not a director shall not preside as chairman at any meeting of shareholders. The Executive Vice-President or, if more than one, the Executive Vice-Presidents in order of seniority, shall sign such contracts, documents or instruments in writing as require his or their signatures and shall also have such other powers and duties as may from time to time be assigned to him or them by resolution of the board of directors.

29. *Vice-President.* The Vice-President or, if more than one, the Vice-Presidents in order of seniority, shall be vested with all the powers and shall perform all the duties of the President in the absence or inability or refusal to act of the President, provided, however, that a Vice-President who is not a director shall not preside as chairman at any meeting of directors or shareholders. The Vice-President or, if more than one, the Vice-Presidents in order of seniority, shall sign such contracts, documents or instruments in writing as require his or their signatures and shall also have such other powers and duties as may from time to time be assigned to him or them by resolution of the directors.

30. *Secretary.* The Secretary shall give or cause to be given notices for all meetings of the directors, any committee of the directors and shareholders when directed to do so and shall have charge of the minute books of the Corporation and, subject to the provisions of paragraph 45 hereof, of the documents and registers referred to in subsections 140(1) and (2) of the Act. He shall sign such contracts, documents or instruments in writing as require his signature and shall have such other powers and duties as may from time to time be assigned to him by resolution of the directors or as are incident to his office.

31. *Treasurer.* Subject to the provisions of any resolution of the directors, the Treasurer shall have the care and custody of all the funds and securities of the Corporation and shall deposit the same in the name of the Corporation in such bank or banks or with such other depository or depositories as the directors may by resolution direct. He shall prepare and maintain adequate accounting records. He shall sign such contracts, documents or instruments in writing as require his signature and shall have such other powers and duties as may from time to time be assigned to him by resolution of the directors or as are incident to his office. He may be required to give such bond for the faithful performance of his duties as the directors in their uncontrolled discretion may require and no director shall be liable for failure to require any such bond or for the insufficiency of any such bond or for any loss by reason of the failure of the Corporation to receive any indemnity thereby provided.

32. *Assistant Secretary and Assistant Treasurer.* The Assistant Secretary or, if more than one, the Assistant Secretaries in order of seniority, and the Assistant Treasurer or, if more than one, the Assistant Treasurers in order of seniority, shall perform all the duties of the Secretary and Treasurer, respectively, in the absence or inability to act of the Secretary or Treasurer as the case may be. The Assistant Secretary or Assistant Secretaries, if more than one, and the Assistant Treasurer or Assistant Treasurers, if more than one, shall sign such contracts, documents or instruments in writing as require his or their signatures respectively and shall have such other powers and duties as may from time to time be assigned to them by resolution of the directors.

33. *General Manager or Manager or Managing Director.* The directors may from time to time appoint a General Manager or one or more Managers (each of whom may but need not be a director of the Corporation) and may delegate to them such power and authority to manage and direct the business and affairs of the Corporation (except such matters and duties as by law must be transacted or performed by the board of directors or by the shareholders in general meeting) and to employ and discharge agents and employees of the Corporation as the board of directors considers desirable. If and so long as a General Manager or Manager is a director he may but need not be known as a Managing Director. If and so long as a General Manager or Manager is a director he must be a resident Canadian. A General Manager or Manager shall conform to all lawful orders given to him by the board of directors of the Corporation and shall at all reasonable times give to the directors or any of them all information they may require regarding the affairs of the Corporation. Any agent or employee appointed by a General Manager or Manager shall be subject to discharge by the board of directors.



34. *Vacancies.* If the office of Chairman of the Board, President, Executive Vice-President, Vice-President, Secretary, Assistant Secretary, Treasurer, Assistant Treasurer, or any other office created by the directors pursuant to paragraph 23 hereof shall be or become vacant by reason of death, resignation or in any other manner whatsoever, the directors shall in the case of the President or the Secretary and may in the case of the other officers appoint an officer to fill such vacancy.

### SHAREHOLDERS' MEETINGS

35. *Annual or special meetings.* Subject to subsection 104(1) of the Act, the directors of the Corporation,

- (a) shall call an annual meeting of shareholders not later than eighteen months after the Corporation comes into existence and subsequently not later than fifteen months after holding the last preceding annual meeting; and
- (b) may at any time call a special meeting of shareholders.

36. *Place of meetings.* Subject to the articles and any unanimous shareholder agreement, a meeting of the shareholders of the Corporation may be held at such place in or outside Ontario as the directors may determine or, in the absence of such a determination, at the place where the registered office of the Corporation is located.

37. *Notice.* A notice stating the day, hour and place of meeting and, if special business is to be transacted thereat, stating (or accompanied by a statement of) (i) the nature of that business in sufficient detail to permit the shareholder to form a reasoned judgment thereon, and (ii) the text of any special resolution or by-law to be submitted to the meeting, shall be served by sending such notice to each person who is entitled to notice of such meeting and who on the record date for notice appears on the records of the Corporation or its transfer agent as a shareholder entitled to vote at the meeting and to each director of the Corporation and to the auditor of the Corporation by prepaid mail not less than 21 days and not more than 50 days (exclusive of the day of mailing and of the day for which notice is given) before the date (if the Corporation is an offering corporation as such term is defined in the Act) or not less than 10 days before the date (if the Corporation is not an offering corporation) of every meeting addressed to the latest address of each such person as shown in the records of the Corporation or its transfer agent, or if no address is shown therein, then to the last address of each such person known to the Secretary; provided that a meeting of shareholders may be held for any purpose at any date and time and at any place without notice if all the shareholders and other persons entitled to notice of such meeting are present in person or represented by proxy at the meeting (except where the shareholder or such other person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called) or if all the shareholders and other persons entitled to notice of such meeting and not present in person nor represented by proxy thereat waive notice of the meeting. Notice of any meeting of shareholders or the time for the giving of any such notice or any irregularity in any such meeting or in the notice thereof may be waived in any manner by any shareholder, the duly appointed proxy of any shareholder, any director or the auditor of the Corporation and any other person entitled to attend a meeting of shareholders, and any such waiver may be validly given either before or after the meeting to which such waiver relates.

The auditor of the Corporation is entitled to attend any meeting of shareholders of the Corporation and to receive all notices and other communications relating to any such meeting that a shareholder is entitled to receive.

38. *Omission of notice.* The accidental omission to give notice of any meeting to or the non-receipt of any notice by any person shall not invalidate any resolution passed or any proceeding taken at any meeting of shareholders.

39. *Record dates for notice of meetings.* Subject to subsection 95(4) of the Act, the directors may also fix in advance the date as the record date for the determination of shareholders entitled to receive notice of a meeting of shareholders, but such record date shall not precede by more than 50 days or by less than 21 days the date on which the meeting is to be held.

If no record date is fixed, the record date for the determination of the shareholders entitled to receive notice of a meeting of the shareholders shall be

- (i) at the close of business on the day immediately preceding the day on which notice is given; or
- (ii) if no notice is given, the day on which the meeting is held.

40. *Votes.* Every question submitted to any meeting of shareholders shall be decided in the first instance on a show of hands and in case of an equality of votes the chairman of the meeting shall both on a show of hands and at a poll have a second or casting vote in addition to the vote or votes to which he may be entitled as a shareholder or proxy nominee.

At any meeting, unless a poll is demanded by a shareholder or proxyholder entitled to vote at the meeting, either before or after any vote by a show of hands, a declaration by the Chairman of the meeting that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be evidence of the fact without proof of the number or proportion of votes recorded in favour of or against the motion.

In the absence of the Chairman of the Board (if any), the President, any Executive Vice-President and any Vice-President who is a director, the shareholders present entitled to vote shall choose another director as chairman of the meeting and if no director is present or if all the directors present decline to take the chair then the shareholders present shall choose one of their number to be chairman.

If at any meeting a poll is demanded on the election of a chairman or on the question of adjournment or termination, the poll shall be taken forthwith without adjournment. If a poll is demanded on any other question or as to the election of directors, the poll shall be taken by ballot in such manner and either at once or later at the meeting or after adjournment as the chairman of the meeting directs. The result of a poll shall be deemed to be the resolution of the meeting at which the poll was demanded. A demand for a poll may be made either before or after any vote by show of hands and may be withdrawn.

Where two or more persons hold the same share or shares jointly, any one of such persons present at a meeting of shareholders has the right, in the absence of the other or others, to vote in respect of such share or shares, but if more than one of such persons are present or represented by proxy and vote, they shall vote together as one on the share or shares jointly held by them.

41. *Proxies.* Votes at meetings of the shareholders may be given either personally or by proxy. At every meeting at which he is entitled to vote, every shareholder present in person and every proxyholder shall have one (1) vote on a show of hands. Upon a poll at which he is entitled to vote every shareholder present in person or by proxy shall (subject to the provisions, if any, of the Corporation's articles) have one (1) vote for every share registered in his name.

Every shareholder, including a shareholder that is a body corporate, entitled to vote at a meeting of shareholders may by means of a proxy appoint a proxyholder or proxyholders or one or more alternate proxyholders, who need not be shareholders, as his nominee to attend and act at the meeting in the manner, to the extent and with the authority conferred by the proxy.

A proxy shall be executed by the shareholder or his attorney authorized in writing or, if the shareholder is a body corporate, by an officer or attorney thereof duly authorized. If the Corporation is an "offering corporation" as defined in paragraph 1(1)27 of the Act, any such proxy appointing a proxyholder to attend and act at a meeting or meetings of shareholders ceases to be valid one year from its date.

An instrument appointing a proxyholder may be in the following form or in any other form which complies with the regulations made under the Act:

"The undersigned shareholder of Barrick Resources Corporation hereby appoints \_\_\_\_\_ of \_\_\_\_\_, whom failing, \_\_\_\_\_ of \_\_\_\_\_ as the nominee of the undersigned to attend and act for and on behalf of the undersigned at the meeting of the shareholders of the said Corporation to be held on the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_ and at any adjournment thereof in the same manner, to the same extent and with the same power as if the undersigned were personally present at the said meeting or such adjournment thereof.

Dated the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_.

\_\_\_\_\_  
Signature of Shareholder

This form of proxy must be signed by a shareholder or his attorney authorized in writing or, if the shareholder is a body corporate, by an officer or attorney thereof duly authorized."

The directors may from time to time pass regulations regarding the lodging of instruments appointing a proxyholder at some place or places other than the place at which a meeting or adjourned meeting of shareholders is to be held and for particulars of such instruments to be telegraphed, cabled, telexed, sent in writing or otherwise communicated by electronic means that produces a written copy before the meeting or adjourned meeting to the Corporation or any agent of the Corporation appointed for the purpose of receiving such particulars and providing that instruments appointing a proxyholder so lodged may be voted upon as though the instruments themselves were produced at the meeting or adjourned meeting and votes given in accordance with such regulations shall be valid and shall be counted. The chairman of the meeting of shareholders may, subject to any regulations made as aforesaid, in his discretion accept telegraphic, telex, cable or written communication, or electronic communication that produces a written copy, as to the authority of anyone claiming to vote on behalf of and to represent a shareholder notwithstanding that no instrument of proxy conferring such authority has been lodged with the Corporation, and any votes given in accordance with such telegraphic, telex, cable, written or electronic communication accepted by the chairman of the meeting shall be valid and shall be counted.

42. *Adjournment.* The chairman of the meeting may with the consent of the meeting adjourn any meeting of shareholders from time to time to a fixed time and place and if the meeting is adjourned for less than thirty (30) days no notice of the time and place for the holding of the adjourned meeting need be given to any shareholder, other than by announcement at the earliest meeting that is adjourned. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of thirty (30) days or more, notice of the adjourned meeting shall be given as for an original meeting but, unless the meeting is adjourned by one or more adjournments for an aggregate of more than ninety (90) days, section 111 of the Act does not apply. Any adjourned meeting shall be duly constituted if held in accordance with the terms of the adjournment and a quorum is present thereat. The persons who formed a quorum at the original meeting are not required to form the quorum at the adjourned meeting. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment. Any business may be brought before or dealt with at any adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same.

43. *Quorum.* Two (2) persons present and each holding or representing by proxy at least one (1) issued share of the Corporation shall be a quorum of any meeting of shareholders for the choice of a chairman of the meeting and for the adjournment of the meeting to a fixed time and place but may not transact any other business; for all other purposes a quorum for any meeting (unless a greater number of shareholders and/or a greater number of shares are required to be represented by the Act or by the Corporation's articles or by any by-law of the Corporation) shall be persons present not being less than two (2) in number and holding or representing by proxy not less than twenty per cent (20%) of the total number of votes attaching to the issued shares of the Corporation for the time being enjoying voting rights at such meeting. If a quorum is present at the opening of a meeting of shareholders, the shareholders present may proceed with the business of the meeting, notwithstanding that a quorum is not present throughout the meeting.

Notwithstanding the foregoing, if the Corporation has only one shareholder, or only one shareholder of any class or series of shares, the shareholder present in person or by proxy constitutes a meeting and a quorum for such meeting.

## SHARES AND TRANSFERS

44. *Issuance.* Subject to the articles of the Corporation and any unanimous shareholder agreement, shares in the Corporation may be issued at such time and issued to such persons and for such consideration as the directors may determine.

45. *Security certificates.* Security certificates (and the form of transfer power on the reverse side thereof) shall (subject to compliance with section 56 of the Act) be in such form as the directors may from time to time by resolution approve and, subject to subsection 55(3) of the Act, such certificates shall be signed manually by at least one director or officer of the Corporation or by or on behalf of a registrar, transfer agent, branch transfer agent or issuing or other authenticating agent of the Corporation, or by a trustee who certifies it in accordance with a trust indenture, and any additional signatures required on a security certificate may be printed or otherwise mechanically reproduced thereon. Notwithstanding any change in the persons holding an office between the time of actual signing and the issuance of any certificate and notwithstanding that a person signing may not have held office at the date of issuance of such certificate, any such certificate so signed shall be valid and binding upon the Corporation.

46. *Transfer agents.* For each class of securities and warrants issued by the Corporation, the directors may from time to time by resolution appoint or remove,

- (a) a trustee, transfer agent or other agent to keep the securities register and the register of transfer and one or more persons or agents to keep branch registers; and
- (b) a registrar, trustee or agent to maintain a record of issued security certificates and warrants,

and subject to section 48 of the Act, one person may be appointed for the purposes of both clauses (a) and (b) in respect of all securities and warrants of the Corporation or any class or classes thereof.

47. *Surrender of security certificates.* Subject to the Act, no transfer of a security issued by the Corporation shall be recorded or registered unless and until (i) the security certificate representing the security to be transferred has been surrendered and cancelled or (ii) if no security certificate has been issued by the Corporation in respect of such share, a duly executed security transfer power in respect thereof has been presented for registration.

48. *Defaced, destroyed, stolen or lost security certificates.* In case of the defacement, destruction, theft or loss of a security certificate, the fact of such defacement, destruction, theft or loss shall be reported by the owner to the Corporation or to an agent of the Corporation (if any) acting on behalf of the Corporation, with a statement verified by oath or statutory declaration as to the defacement, destruction, theft or loss and the circumstances concerning the same and with a request for the issuance of a new security certificate to replace the one so defaced, destroyed, stolen or lost. Upon the giving to the Corporation (or, if there be an agent, hereinafter in this paragraph referred to as the "Corporation's agent", then to the Corporation and the Corporation's agent) of an indemnity bond of a surety company in such form as is approved by the directors or by the Chairman of the Board (if any), the President, an Executive Vice-President, a Vice-President, the Secretary or the Treasurer of the Corporation, indemnifying the Corporation (and the Corporation's agent if any) against all loss, damage and expense, which the Corporation and/or the Corporation's agent may suffer or be liable for by reason of the issuance of a new security certificate to such shareholder, and provided the Corporation or the Corporation's agent does not have notice that the security has been acquired by a bona fide purchaser, a new security certificate may be issued in replacement of the one defaced, destroyed, stolen or lost, if such issuance is ordered and authorized by any one of the Chairman of the Board (if any), the President, an Executive Vice-President, a Vice-President, the Secretary or the Treasurer of the Corporation or by resolution of the directors.

### **DIVIDENDS**

49. The directors may from time to time by resolution declare and the Corporation may pay dividends on its issued shares, subject to the provisions (if any) of the Corporation's articles.

The directors shall not declare and the Corporation shall not pay a dividend if there are reasonable grounds for believing that:

- (a) the Corporation is, or, after the payment, would be unable to pay its liabilities as they become due; or
- (b) the realizable value of the Corporation's assets would thereby be less than the aggregate of its liabilities and stated capital of all classes.

The directors may declare and the Corporation may pay a dividend by issuing fully paid shares of the Corporation or options or rights to acquire fully paid shares of the Corporation and, subject to section 38 of the Act, the Corporation may pay a dividend in money or property.

50. In case several persons are registered as the joint holders of any securities of the Corporation, any one of such persons may give effectual receipts for all dividends and payments on account of dividends, principal, interest and/or redemption payments on redemption of securities (if any) subject to redemption in respect of such securities.

### **RECORD DATES**

51. Subject to subsection 95(4) of the Act, the directors may fix in advance a date as the record date for the determination of shareholders (i) entitled to receive payment of a dividend, (ii) entitled to participate in a liquidation or distribution, or (iii) for any other purpose except the right to receive notice of or to vote at a meeting of shareholders, but such record date shall not precede by more than 50 days the particular action to be taken.

If no record is fixed, the record date for the determination of shareholders for any purpose, other than to establish a record date for the determination of shareholders entitled to receive notice of a meeting of shareholders or to vote, shall be the close of business on the day on which the directors pass the resolution relating thereto.

#### VOTING SECURITIES IN OTHER ISSUERS

52. All securities of any other body corporate or issuer of securities carrying voting rights held from time to time by the Corporation may be voted at all meetings of shareholders, bondholders, debenture holders or holders of such securities, as the case may be, of such other body corporate or issuer and in such manner and by such person or persons as the directors of the Corporation shall from time to time determine and authorize by resolution. The duly authorized signing officers of the Corporation may also from time to time execute and deliver for and on behalf of the Corporation proxies and/or arrange for the issuance of voting certificates and/or other evidence of the right to vote in such names as they may determine without the necessity of a resolution or other action by the directors.

#### NOTICES, ETC.

53. *Service.* Any notice or other document required to be given or sent by the Corporation to any shareholder or director of the Corporation shall be delivered personally or sent by prepaid mail or by telegram, telex or other electronic means that produces a written copy addressed to:

- (a) the shareholder at his latest address as shown on the records of the Corporation or its transfer agent; and
- (b) the director at his latest address as shown in the records of the Corporation or in the last notice filed under the Corporations Information Act, whichever is the more current.

With respect to every notice or other document sent by prepaid mail it shall be sufficient to prove that the envelope or wrapper containing the notice or other document was properly addressed and put into a post office or into a post office letter box and shall be deemed to be received by the addressee on the fifth day after mailing.

54. *Undelivered Mail.* If the Corporation sends a notice or document to a shareholder and the notice or document is returned on three consecutive occasions because the shareholder cannot be found, the Corporation is not required to send any further notices or documents to the shareholder until he informs the Corporation in writing of his new address.

55. *Shares registered in more than one name.* All notices or other documents shall, with respect to any shares in the capital of the Corporation registered in more than one name, be given to whichever of such persons is named first in the records of the Corporation and any notice or other document so given shall be sufficient notice or delivery of such document to all the holders of such shares.

56. *Persons becoming entitled by operation of law.* Every person who by operation of law, transfer or by any other means whatsoever shall become entitled to any shares in the capital of the Corporation shall be bound by every notice or other document in respect of such shares which prior to his name and address being entered on the records of the Corporation shall have been duly given to the person or persons from whom he derives his title to such shares.

57. *Deceased shareholder.* Any notice or other document delivered or sent by post or left at the address of any shareholder as the same appears in the records of the Corporation shall, notwithstanding that such shareholder be then deceased and whether or not the Corporation has notice of his decease, be deemed to have been duly served in respect of the shares held by such shareholder (whether held solely or with other persons) until some other person be entered in his stead in the records of the Corporation as the holder or one of the holders thereof and such service shall for all purposes be deemed a sufficient service of such notice or other document on his heirs, executors or administrators and all persons (if any) interested with him in such shares.

58. *Signatures to notices.* The signature of any director or officer of the Corporation to any notice may be written, printed or otherwise mechanically reproduced.

59. *Computation of time.* Where a given number of days' notice or notice extending over any period is required to be given under any provisions of the articles or by-laws of the Corporation, the day of service, posting or other communication of the notice shall not be counted in such number of days or other period, and such number of days or other period shall commence on the day following the day of service, posting or other communication of the notice and shall terminate at midnight of the last day of the period except that if the last day of the period falls on a Sunday or holiday the period shall terminate at midnight of the day next following that is not a Sunday or holiday.

60. *Proof of service.* A certificate of any officer of the Corporation in office at the time of the making of the certificate or of an agent of the Corporation as to facts in relation to the mailing or delivery or service of any notice or other documents to any shareholder, director, officer or auditor or publication of any notice or other document shall be conclusive evidence thereof and shall be binding on every shareholder, director, officer or auditor of the Corporation, as the case may be.

#### **CHEQUES, DRAFTS, NOTES, ETC.**

61. All cheques, drafts or orders for the payment of money and all notes, acceptances and bills of exchange shall be signed by such officer or officers or other person or persons, whether or not officers of the Corporation, and in such manner as the directors may from time to time designate by resolution.

#### **CUSTODY OF SECURITIES**

62. All securities (including warrants) owned by the Corporation shall be lodged (in the name of the Corporation) with a chartered bank or a trust company or in a safety deposit box or, if so authorized by resolution of the directors, with such other depositaries or in such other manner as may be determined from time to time by the directors.

All securities (including warrants) belonging to the Corporation may be issued and held in the name of a nominee or nominees of the Corporation (and if issued or held in the names of more than one nominee shall be held in the names of the nominees jointly with right of survivorship) and shall be endorsed in blank with endorsement guaranteed in order to enable transfer thereof to be completed and registration thereof to be effected.

#### **EXECUTION OF CONTRACTS, ETC.**

63. Contracts, documents or instruments in writing requiring the signature of the Corporation may be signed by any two of the officers and directors of the Corporation and all contracts, documents or instruments in writing so signed shall be binding upon the Corporation without any further authorization or formality. The directors are authorized from time to time by resolution to appoint any officer or officers or any other person or persons on behalf of the Corporation either to sign contracts, documents or instruments in writing generally or to sign specific contracts, documents or instruments in writing.

The corporate seal of the Corporation may, when required, be affixed to contracts, documents or instruments in writing signed as aforesaid or by an officer or officers, person or persons appointed as aforesaid by resolution of the board of directors.

The term "contracts, documents or instruments in writing" as used in this by-law shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, immovable or movable, agreements, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of securities and all paper writings.

In particular, without limiting the generality of the foregoing, any two of the officers and directors of the Corporation are authorized to sell, assign, transfer, exchange, convert or convey all securities owned by or registered in the name of the Corporation and to sign and execute (under the seal of the Corporation or otherwise) all assignments, transfers, conveyances, powers of attorney and other instruments that may be necessary for the purpose of selling, assigning, transferring, exchanging, converting or conveying any such securities.

The signature or signatures of any such officer or director of the Corporation and/or of any other officer or officers, person or persons appointed as aforesaid by resolution of the directors may, if specifically authorized by resolution of the directors, be printed, engraved, lithographed or otherwise mechanically reproduced upon all contracts, documents or instruments in writing or bonds, debentures or other securities of the Corporation executed or issued by or on behalf of the Corporation and all contracts, documents or instruments in writing or securities of the Corporation on which the signature or signatures of any of the foregoing officers, directors or persons shall be so reproduced, by authorization by resolution of the directors, shall be deemed to have been manually signed by such officers, directors or persons whose signature or signatures is or are so reproduced and shall be as valid to all intents and purposes as if they had been signed manually and notwithstanding that the officers, directors or persons whose signature or signatures is or are so reproduced may have ceased to hold office at the date of the delivery or issue of such contracts, documents or instruments in writing or securities of the Corporation.



#### **ENFORCEMENT OF LIEN FOR INDEBTEDNESS**

64. Unless the Corporation has shares listed on a stock exchange recognized by the Ontario Securities Commission, the Corporation has a lien on shares registered in the name of a shareholder or his legal representative for a debt of that shareholder to the Corporation. The directors of the Corporation may authorize the Corporation to apply any dividends or other distributions paid or payable on or in respect of the share or shares in respect of which the Corporation has such a lien in repayment of the debt of that shareholder to the Corporation.

#### **FINANCIAL YEAR**

65. The financial year of the Corporation shall terminate on such day in each year as the board of directors may from time to time by resolution determine.

ENACTED the 14th day of June, 1984.

## SCHEDULE B



### Midland Doherty Limited

Commercial Union Tower  
P.O. Box 25  
Toronto-Dominion Centre  
Toronto, Ontario  
Canada M5K 1B5  
Telephone: (416) 361-6000

June 14, 1984

To the Board of Directors of  
Camflo Mines Limited:

You have asked our opinion as to the fairness to Camflo and the shareholders thereof of the proposed amalgamation (the "Amalgamation") of Camflo with Barrick Resources Corporation ("Barrick") and Bob-Clare Investments Limited ("Bob-Clare") to form a new company ("Amalco"). We understand that under the terms of the Amalgamation shareholders of Camflo will receive seven common shares of Amalco for each Camflo common share, that shareholders of Barrick will receive one common share of Amalco for each Barrick common share, one First Preferred Share, Series A of Amalco for each First Preferred Share, Series A of Barrick, one Second Preferred Share, Series A of Amalco for each Second Preferred Share, Series A of Barrick and the shareholders of Bob-Clare will receive 952,381 First Preferred Shares, Series B of Amalco convertible on a one-for-one basis into Amalco common shares. The Amalgamation is conditional on the occurrence of certain events as described in the Information Booklet dated June 14, 1984 relating to the Amalgamation.

We have advised you that from time to time in the past we have provided investment banking services to Barrick but we have no verbal understanding or written agreement to provide any investment banking services in the future to Barrick or any of its principal shareholders or associates.

You have provided us with information on Camflo, Barrick and Bob-Clare, including audited and unaudited financial statements for Barrick and for Camflo and its principal subsidiaries and associates; independent consultants reports on the petroleum assets of the amalgamating companies; independent consultants reports on certain mining assets of Camflo and Barrick; and certain lease and sales contracts. We were advised that audited financial statements for Bob-Clare for the year ended December 31, 1983 have not been prepared as of the date of this letter. We are also advised that, prior to the date of the Amalgamation, Bob-Clare will have removed from it certain identified assets and liabilities. Therefore we are relying on the information on Bob-Clare as contained in the Information Booklet being accurate and as being only the information on Bob-Clare that is relevant to the Amalgamation.

In arriving at our opinion, we have reviewed and relied on the information provided by you to us and on share trading information available from public sources. We have also held discussions with management of Camflo and Barrick, their respective auditors, independent consultants, and with Camflo's bankers, have made calculations on relative market prices for the shares of Camflo and Barrick, have calculated net asset values for Camflo and Barrick, both on a "market liquidating basis" and on an "on-going basis", including both before and after income tax considerations, we have made such tests and have considered such subjective aspects as we considered necessary.

After considering all of the factors which we deemed appropriate, including the various transactions involving Robert E. Fasken and members of his family, we are of the opinion that the Amalgamation and the related transactions as described in the Information Booklet, are fair to Camflo and the shareholders thereof.

Your very truly,

(Signed) MIDLAND DOHERTY LIMITED

## SCHEDULE C

The Continental Bank Building  
130 Adelaide Street West  
Suite 1400  
Toronto Canada M5H 3P5  
Telephone (416) 869-3707  
Telex 06-219737

Montreal to Toronto  
direct line 871-1560

202 6th Avenue SW  
Suite 1710  
Calgary Canada T2P 2R9  
Telephone (403) 290-0809  
1100 Melville Street  
Suite 530  
Vancouver Canada V6E 4A6  
Telephone (604) 682-6351

# First Marathon

Member:  
The Toronto Stock Exchange  
The Alberta Stock Exchange  
The Vancouver Stock Exchange

June 14, 1984

To the Board of Directors of  
Barrick Resources Corporation

You have asked us our opinion as to the fairness of the transaction terms related to the proposed amalgamation of Barrick Resources Corporation ("Barrick"), Camflo Mines Limited ("Camflo") and Bob-Clare Investments Limited ("Bob-Clare"). The combination of these three companies plus related financial transactions will result in the formation of a new company "Amalco"; the amalgamation and related transactions are collectively referred to herein as the Amalgamation Transaction. We understand that under the terms of the proposed amalgamation, Camflo shareholders will receive seven shares of Amalco for each common share of Camflo held, and Barrick shareholders will receive one common share of Amalco for each common share of Barrick held, one First Preferred Share, Series A of Amalco for each First Preferred Share, Series A of Barrick held, and one Second Preferred Share, Series A of Amalco for each Second Preferred Share, Series A of Barrick held. Further, as part of the amalgamation, Bob-Clare shareholders will receive 952,381 First Preferred Shares, Series B of Amalco convertible on a one-for-one basis into Amalco common shares — or approximately 1% of the common shares of the amalgamated corporation. The Amalgamation Transaction is conditional on the occurrence of certain events as set forth in the Information Booklet dated June 14, 1984 including a \$30 million equity financing.

You have provided us with information on Barrick, Camflo and Bob-Clare including various independent consultants' reports on the petroleum assets and mining assets of the amalgamating companies, audited and unaudited financial statements for Barrick and Camflo, and certain information related to sales and operating contracts.

With respect to Bob-Clare you have advised us that audited financial statements at year end December 31, 1983 were not prepared, and that prior to the date of the amalgamation Bob-Clare will have removed certain specific assets and certain specific loan liabilities such that Bob-Clare interests which will become part of Amalco have been clearly defined and set forth in the Information Booklet. We have relied on such information being accurate and being the primary information on Bob-Clare which relates to the Amalgamation Transaction.

To assess the various companies' values and interests, we reviewed, among other things, annual and other reports, conducted mineral property inspections, held discussions with management groups in Toronto, Calgary, and Denver and reviewed special corporate reports and independent consultants' evaluations as the basis of our fundamental assessments. For the public companies involved, the relative market performance for Camflo and Barrick for the past twelve months was evaluated with market values being weighted for trading volumes.

As a consequence of these assessments we were able to estimate values for Camflo, Barrick and Amalco on a "going concern basis" and a "net realizable value basis". Some consideration was given to income tax where possible, but given the history of tax deferrals by the respective companies involved it should be recognized that such tax considerations are highly subjective.

After considering all of the various factors which we deemed appropriate with respect to the Amalgamation Transaction as described in the Information Booklet we are of the opinion that the Amalgamation Transaction is fair from a financial point of view to Barrick and the common shareholders of Barrick.\*

Yours very truly,

(Signed) FIRST MARATHON SECURITIES LIMITED

\*The complete text of our report outlining specific information sources used and weightings of both fundamental and market inputs, is available to shareholders of Barrick, Camflo and Bob-Clare on request.